Austria	Sch30	Indonesia	Rp3100	Pakistan	Rs35
Bahrain	Din0.650	Iran	Ris210	Philippines	Pso40
Belgium	BFr60	Israel	Shk4.50	Poland	Zl 15,000
Cyprus	C£1.00	Italy	L2200	Portugal	Esc175
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr13	Korea	Won 2000	S.Arabia	SR8.00
Egypt	E£3.50	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM10	Lebanon	L£1,000	Spain	Pta175
France	FFr8.00	Lux	LFr60	Sweden	SKr13
Germany	DM3.00	Morocco	MDh10	Switz	SFr2.70
Greece	Dr200	Neth	Fl 3.50	Thailand	[illegible]
Hungary	Ft182	Nigeria	Naira15	Tunisia	Din0.900
Iceland	IKr180	Norway	NKr13.00	Turkey	L5000
India	Rs20	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Monday December 2 1991

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SOVIET UNION
Alternatives to the rouble
Page 15

World News

Lebanese kidnappers promise to free Cicippio

The Middle East hostage crisis moved closer to resolution yesterday when Lebanese kidnappers promised to free American hostage Joseph Cicippio within 48 hours and Israel released 25 Arab prisoners.

The Israelis also handed over a videotape of Sheikh Abdul Karim Obeid, the Shia Moslem cleric they kidnapped in 1989. Page 16

Vance in Belgrade
United Nations special envoy Cyrus Vance arrived in Belgrade, the federal and Serbian capital, to determine whether it will be possible to deploy a peacekeeping force in Yugoslavia as sporadic battles were fought in Croatia. Page 2

Major meets Dalai Lama
John Major, Britain's prime minister, is to meet the Dalai Lama in London today. The meeting does not indicate any change in the government's view on the position of Tibet, said foreign office minister Lord Caithness. Page 5

BCCI ruling due
Mr Justice Hoffman will today decide whether to put Bank of Credit and Commerce International into liquidation in a move that could realise less than 10p for every pound deposited in the collapsed institution. Page 8

Mandela criticises PAC
African National Congress president Nelson Mandela criticised the rival Pan Africanist Congress for walking out of a landmark meeting which launched power-sharing talks. Mandela denied any secret agenda with reformist president F.W. de Klerk and said the PAC had also conferred with the government in advance of the talks. *S Africa hopeful after talks*, Page 5

Vigilance warning
UK police called for public vigilance after a spate of suspected IRA fire-bombings in London shops. No-one was injured. Picture, Page 7

Air India bomb found
A bomb was found in a packed Air India Boeing 747 minutes before it was due to take off from New Delhi for London and New York. The plane was evacuated after a steward found a petrol bomb in a food trolley. An anonymous caller claimed a Kashmiri militant group planted the device.

Weather delays shuttle
Gusty winds at a California landing site delayed the landing of the space shuttle Atlantis, ordered back to Earth three days early when a key navigational device failed.

Challenge to Bush
David Duke, the former Grand Wizard of the Ku Klux Klan, is expected today to announce he will challenge President George Bush for the Republican party nomination in 1992. Page 4

Ozone health threat
A widespread threat to human health exists because of the thinning of the Earth's ozone layer, according to a report prepared for the UN Environment Programme and leaked by Greenpeace, the environmental organisation. Page 4

Mine kills policemen
At least three policemen were killed when a land-mine planted by suspected Sikh militants blew up their truck in India's northern state of Uttar Pradesh.

Unforgettable Davis Cup
Guy Forget earned France its first Davis Cup title since 1932, when he beat Pete Sampras of the US in the first of the reverse singles at the final in Lyon. Forget won 7-6, 3-6, 6-3, 6-4, leaving the final score 3-1 to France.

Business Summary

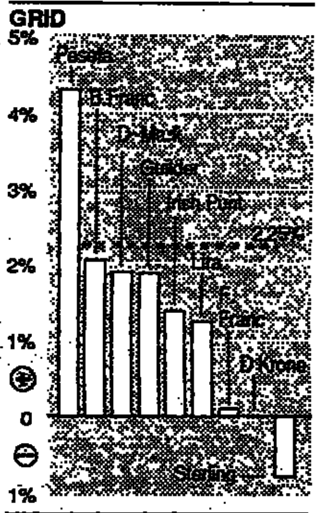
UK export credit arm bought by Dutch group

The purchase of Britain's government-controlled short-term export credit arm by NCM, the Dutch private-sector credit insurer, was completed yesterday.

The British government is expected to receive about £25m ($44m) of the £80m NCM is spending. The balance will recapitalise the business which NCM is buying. Page 16

EUROPEAN Monetary System: Tensions within the ERM eased last week after European central banks intervened to restrain the D-Mark's strength. The peseta remained at the top of the grid, bolstered by high Spanish interest rates, while sterling was stuck at the bottom as worries about the UK economy and possible cuts in interest rates depressed sentiment. Currencies, Page 29

EMS November 29, 1991



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

LANDS End and John O'Groats, mainland Britain's two most distant extremities, have been sold by Peter de Savary, Bermuda-based entrepreneur, to a company controlled by fellow expatriate Graham Ferguson Lacey. Page 17

NAM, gas, property and services subsidiary of Italy's state-owned ENI energy and chemicals group, is on course for a possible flotation next year, according to Pio Pigorini, the chairman. Page 18

BRAZIL: Michel Camdessus, head of the International Monetary Fund, was due to arrive in Brasilia last night to accept Brazil's letter of intent for a $2bn standby facility. Page 4

JAPANESE companies are facing the highest inventory increases in more than a decade, amid a sharp fall in demand in the domestic and overseas markets. Page 5

VEBA, German energy, chemicals, and trading group, expects 1991 profits to be at least as high as last year. Page 18

TELEVISION: A new row between satellite broadcasters, television manufacturers and the European Commission is likely to break out this week with the publication of Brussels' amended strategy for high-definition television. Page 2

PAKISTAN'S plans to privatise two of the country's largest public sector banks and two development finance institutions suffered a setback at the weekend, with a lower than expected response from prospective investors. Page 5

TSB Group, UK banking group, has formed a strategic alliance with Cariplo, Italy's biggest savings bank. Page 17

Talks with Continental collapse as Italian group faces huge loss

Crisis at Pirelli halts merger

By Haig Simonian in Milan

MERGER talks between Pirelli, the Italian tyre group, and Continental, its German rival, have collapsed amid a deep financial crisis at the Italian company which faces a L670bn ($550m) loss for 1991.

Mr Leopoldo Pirelli, chairman, took personal responsibility for the mounting crisis at the company. He announced a far-reaching financial restructuring and disposal programme to swing the company back into profits by the end of next year.

The collapse of the talks marks an ignominious end to Pirelli's ambitious plans to create a European tyre producer to rival Michelin of France, the world's largest tyre producer.

Pirelli, one of the most famous names in Italian manufacturing and which has extensive engineering and cables operations, has been at the forefront of the country's revival over the past decade.

The talks about a possible merger began after Continental had rebuffed Pirelli's controversial takeover bid for the group which was launched in September last year.

The collapse of the talks will plunge Pirelli into further controversy after it revealed it had given its allies indemnities to compensate them against losses when it launched the original bid.

Mr Pirelli said the companies had ended talks to concentrate on their respective restructuring programmes. Continental will explain its position at a press conference in Hanover today.

At a hastily arranged press conference in Milan yesterday, Mr Pirelli blamed the collapse of the deal on the sharp downturn in the world tyre industry over the past year.

The crisis has also forced Pirelli into a financial restructuring, which will involve a L526.4bn rights issue and the sale of its diversified products division. This could raise a further L1,000bn, according to company estimates.

Negotiations on the sale of the division, which is profitable, have not begun. Diversified products account for around 15 per cent of group turnover and comprise about 30 companies, concentrated in Italy and Germany, with consolidated sales of around L1,700bn.

Pirelli pays the price for a brave bid................Page 17

In addition, Pirelli's medium-term financing needs will be covered by a L1,500bn loan with Mediobanca, the Milan merchant bank. Half the funds will be in the form of a five-year loan, with the remainder available as a three-year standby facility. Together, the sales and the rights issue should allow the group to reduce its debt from around L3,600bn to L2,100bn.

About L350bn of this year's loss stems from indemnities to Pirelli's allies, which control between 30 per cent and 35 per cent of Continental shares, in the bid. Until this weekend, Pirelli had repeatedly denied it had entered any such agreements. Pirelli owns a 5 per cent stake in Continental.

Under the indemnities, which fell due on Saturday, Pirelli guaranteed to compensate its allies for any losses on their Continental shares and for associated costs, should a merger not have taken place by that date. The payments are due by the end of this month.

The indemnities have been triggered by the failure of the bid and the 30 per cent decline in Continental's share price since the takeover was announced.

However, Pirelli did not rule out a future bid for Continental. According to the chairman, the company will negotiate options to buy the Continental shares held by its allies. This alternative strategy became open after the termination last Saturday of a "freeze agreement" with Continental on further purchases of shares.

Around L220bn of this year's loss is attributed to further restructuring costs at the group's cables and tyre operations. Most of the money will go to the tyres side, where job losses and plant closures are already under way.

Pirelli gave no indication where the new round of cuts would take place, nor of their likely size.

Apart from these extraordinary losses, Pirelli will make a L100bn trading deficit this year. All losses were generated by the tyre business and limited to certain products.

US moves towards diplomatic recognition of Ukraine

By Lionel Barber in Washington and Chrystia Freeland in Kiev

THE US plans to appoint a special envoy to the Ukraine as a first step towards formal diplomatic recognition, a US official said yesterday.

Formal recognition of the Ukraine would amount to a sharp departure from President George Bush's earlier policy of supporting President Mikhail Gorbachev in his effort to preserve residual central control in Moscow.

The proposed move comes as millions of Ukrainians have gone to the polls in what is expected to be an overwhelming vote in favour of independence from Moscow.

By 4pm local time more than 75 per cent of eligible voters had cast their ballot in the referendum and in the election of a president. Preliminary results suggested landslide support for independence although there was no clear lead for any of the presidential candidates.

Full recognition of the Ukraine by the US would be granted provided the new government offered satisfactory assurances on nuclear weapons and human rights.

This initiative signals a realisation in Washington that power is shifting irrevocably to the individual Soviet republics, and that Mr Gorbachev's influence in shaping the country's political future is evaporating.

Instead, in the coming months, the US intends to focus on how best to encourage the independent Soviet republics to co-operate to avert social and economic chaos.

The US wants the Ukraine, the second-largest republic in the Soviet Union, to agree either to destroy nuclear weapons on its soil or to put them under a single unified command with other republics.

Washington also wants assurances on the respect of international borders and boundaries with other republics, and guarantees on the treatment of minorities, particularly the 11m-strong Russian minority in the Ukraine.

The special US envoy will open a dialogue with the new Ukrainian government on several issues of concern to the US and the west: control of nuclear weapons, human

Continued on Page 16

Ukrainian hopes, Page 2
Soviet budget rescue, page 16

UK isolated on single currency opt-out clause

By David Buchan in Scheveningen and Philip Stephens in London

BRITAIN was left isolated in negotiations on European monetary union yesterday as Denmark, its only ally, accepted a treaty ruling out backtracking on commitment to a single European currency.

Denmark fell into line with the majority European Community view that it would be dangerous to include a general opt-out clause on economic and monetary union (Emu) in the treaty which will be hammered out at next week's Maastricht summit.

The EC Commission proposed instead that such a let-out should be confined to Britain alone.

The UK has so far resisted an agreement that would give it special dispensation to sign up for monetary union later than its partners because it might fuel criticism that the Conservatives are not fully committed to European union.

Mr John Major, the British prime minister, indicated last night that differences over the opt-out clause would now have to be settled at Maastricht.

On his return from The Hague, Mr Major said his talks there with Mr Ruud Lubbers, Dutch president of the Community, had been "hard pounding". But Downing Street indicated that Britain remained hopeful of an accord.

Mr Major proposed a number of alternatives to the use of the word "federal" in the draft treaty on political union, urging Mr Lubbers to base the final draft on the commitments to "ever closer union" written into previous EC treaties.

In talks in London today with President François Mitter-

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Denmark leaves UK in the lurch...........Page 3
British ministers hopeful of compromise.........Page 3
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Europe's reluctant empire builders..................Page 15
Free-market ghosts may haunt Maastricht....Page 17

Prepared to compromise: British prime minister John Major (left) is greeted by his Dutch counterpart, Ruud Lubbers, as he arrives for political talks in The Hague

Israel tries to save face on Mideast peace talks

By Hugh Carnegy in Jerusalem

THE ISRAELI government yesterday refused to back down on its decision not to attend the Middle East peace talks in Washington on Wednesday amid angry complaints at the way the US has handled the issue.

Behind the public posturing, however, there were signs that Israel still wanted a face-saving formula to spare it the self-inflicted embarrassment of being the only party not to attend the talks.

Officials in Jerusalem said privately that yesterday's cabinet decision not to alter a resolution to start talks only on December 9 under limited conditions was not necessarily the final word. Consultations were continuing with Washington.

"There are still three days to go and a lot of things can happen in that time," one official said.

Syria, Lebanon, Jordan and the Palestinians accepted a US invitation to resume in Washington on December 4 the negotiating process begun in Madrid in late October, after they failed to agree with Israel on any alternative site.

The separate bilateral talks are intended to tackle the core issue of Israel's occupation of Arab territories.

Israel, realising its refusal threatened to backfire, expressed a willingness to compromise late last week on its rejection of the US proposals. However, it was frustrated by Washington's "take it or leave it" attitude.

President George Bush said: "I don't know who is going to show up on December 4, but we're going to get the talks going."

This prompted a sharp response in Jerusalem.

"The way this thing is being conducted today by the US very much bothers and outrages us," Mr Yossi Ben Aharon, head of Prime Minister Yitzhak Shamir's office, said yesterday.

He repeated the Israeli complaint that Washington had given the impression to the Arab parties that it was on their side.

The government said the US had not satisfied Israeli demands that the three sets of bilateral talks – with Syria, Lebanon and a joint Jordanian-Palestinian delegation – be staggered and that the talks should move to Cyprus after just two meetings in Washington.

Mr David Levy, the foreign minister, was said to have argued in cabinet in favour of a quick climbdown, saying Israel was "losing points" by holding out on non-vital issues.

There were also reports that some Israeli officials would be present in Washington on Wednesday, whatever the government's position, to try to blunt the adverse publicity created by its refusal of the US invitation.

Egyptian initiative, Page 4
Hopes rise for Cicippio, Page 16

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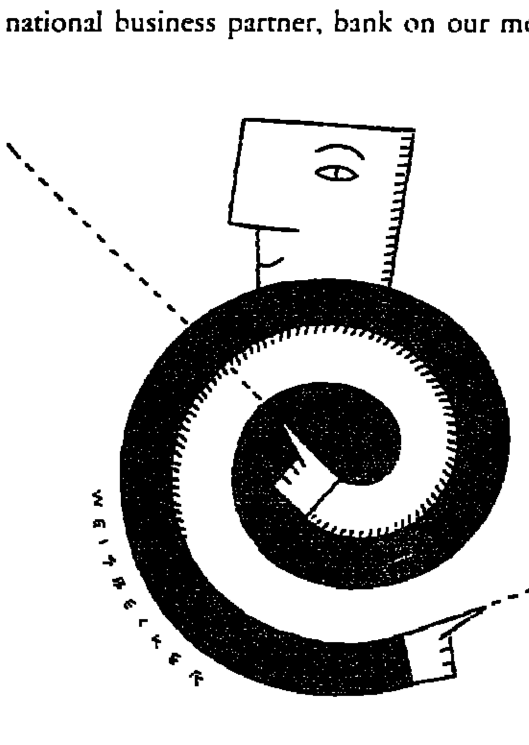

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GIROZENTRALE

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THE MONDAY INTERVIEW

Dick Rosenberg, chairman of BankAmerica, is in the throes of carrying out the biggest bank merger in history, but he still talks about expansion elsewhere, and has ambitious plans to establish a US nation wide bank network. Page 34

FT SURVEYS THIS WEEK

Managing for Recovery: Shoals ahead after the storms.
(See Thursday's issue.)

E Europe seen heading for Thirties-type depression

By William Dullforce in Geneva

EASTERN Europe and the former Soviet Union are sliding into a depression comparable with that experienced by the west between 1929 and 1933, the UN Economic Commission for Europe warns in its bulletin issued today.

As ethnic and nationalist disputes exacerbate economic deprivation, the ECE says, popular disappointment and frustration threaten to undermine support for reforms in the former communist states.

The ECE urges the west to co-ordinate more effectively its efforts to help them through the transition to market economies through a European recovery programme similar to the US Marshall plan which stimulated revival in western Europe in 1948 to 1951.

Its bulletin also calls for a more rapid dismantling of western barriers to eastern exports, sets out the case for a gradualist approach to reform and explains how a lack of reliable statistics is hampering east European policy makers.

With due reservation for faulty statistics the ECE forecasts that the decline in net material product (NMP) – net value added in the economy, excluding services – in eastern Europe, apart from former East Germany, will probably average 15 per cent in 1991.

Following declines of nearly 10 per cent in 1990 and just under 1 per cent in 1989 this means that NMP will have fallen by nearly 25 per cent since 1988. Soviet NMP is estimated to have dropped by more than 18 per cent in the last two years. Between 1929 and 1933 real gross national product fell by 29 per cent in the US and Canada and slightly less in western Europe.

Industrial output in eastern Europe is falling even faster; the ECE expects the average decline for 1991 to be around 20 per cent, excluding former East Germany where the fall is forecast to be about 50 per cent but where the strength of public investment is set to produce a recovery in 1992. The downturns have been particularly severe in Bulgaria, Yugoslavia and Romania. An accelerating decline in Soviet industrial output in the first nine months points to a drop of some 9 per cent for the year as a whole.

Falls in output have led to a fast rise in unemployment. In Bulgaria, Czechoslovakia, Hungary and Poland the number of jobless had more than doubled since the end of 1990 to reach 3.1m in September. The total number unemployed in eastern Europe is unlikely to be less than 7m, according to the ECE.

Inflation is still far from being under control, foreign trade is collapsing and current account deficits have increased, although the picture varies sharply from country to country. In September inflation rates varied between 3.7 per cent in Czechoslovakia and 400 per cent in Yugoslavia.

Czechoslovakia, Hungary and Poland have increased trade with the western economies – a 7 per cent growth in east European exports was recorded in the first half of 1991 – but the trade of the others has faltered or decreased.

Western statistics show an increase of 17 per cent in the value of Soviet exports in the first half but Soviet figures give a drop of 7 per cent.

The ECE highlights the sharp contrast between western countries' recommendations to the east Europeans to liberalise their economies as quickly as possible and their reluctance by the west to remove import barriers to eastern products.

It emphasises that the successful transformation of the eastern economies is of vital importance for the west's foreign policy and security.

Threat of new row on HDTV strategy

By Andrew Hill in Brussels

A NEW row between satellite broadcasters, television manufacturers and the European Commission seems certain to break out this week with publication of Brussels' amended strategy for European high-definition television (HDTV).

The Commission's latest draft directive retains many of the liberalising amendments proposed by the European Parliament, ago, but would compel broadcasters to transmit existing programmes simultaneously in different standards from January 1, 1995.

"This would be absolutely unacceptable, because it imposes a contingent liability on every existing broadcaster to double their [satellite] capacity and costs in 1995," said one broadcaster.

The Commission is attempting a delicate trade-off between the interests of broadcasters and manufacturers.

Compulsory "simulcasting" would lend support to the intermediate satellite transmission standard, D2-Mac, currently used by only a few satellite broadcasters, and to European electronics manufacturers. They have invested heavily in D2-Mac technology as the first step to a fully-fledged HDTV norm, HD-Mac.

In exchange for the simulcasting boost, electronics groups would have to accept delay in the start of compulsory D2-Mac broadcasts.

Telecoms ministers – divided between supporters of manufacturers and broadcasters – will meet just before Christmas to decide whether Brussels has done enough to end the dispute over how far it should try to influence the satellite television market.

The directive, which should take effect at the end of this month, also proposes:

- A clause allowing digital HDTV, a fast-evolving alternative technology, to develop alongside HD-Mac.
- An expiry date of 1999 – compared with 2001 in the original draft, and MEPs' recommended date of 1997 – with provisions to review the strategy before then.
- A clause allowing normal-size TV sets to be sold without internal D2-Mac decoders.
- A commitment on EC "financial support" for simulcasting.

Mr Filippo Maria Pandolfi, telecommunications commissioner, hopes to persuade manufacturers and broadcasters to sign a legally binding memorandum of understanding, to run in parallel with the directive, committing them to a coherent HDTV strategy.

Hungary aims for convertible currency

HUNGARY'S new central bank chief has put convertibility of the national currency to the top of the financial agenda, writes Nicholas Denton from Budapest.

"Convertibility is task number one," Mr Peter Bod said at the weekend after being named as president of the National Bank of Hungary. He added that for the interim he was a believer in a "crawling peg" whereby the Forint would be devalued at a predictable rate.

"The increase in the reserves of the National Bank and the control of inflation – these two achievements make it possible to think of means and mechanisms for de facto convertibility," Mr Bod said.

A new act on central bank independence came into force yesterday, giving added significance to Mr Bod's views on exchange rate policy.

As a wholly political appointee, Mr Bod is likely to be particularly sensitive to the public's desire to buy hard currency freely.

Questions remain over Mr Bod's approach to monetary policy. He said at the weekend that real interest rates would have to remain positive. But Mr Bod's criticism of high interest rates in his former position as industry minister have led central bank officials to fear a relaxation of the institution's stance.

Ukrainians pin their hopes on independence

By Chrystia Freeland in Kiev

NINA and Vasyl Kirychenko let their seven-year-old daughter drop the family's ballots into the sealed box so that, symbolically, she too could vote for Ukrainian independence.

"This will be an historic occasion for her," said Nina, a 35-year-old engineer. "We hope life will be better for our daughter in an independent Ukraine."

In the presidential elections held alongside the referendum, the Kirychenkos, like many Kievites, voted against the smooth and silver-haired front-runner candidate, Mr Leonid Kravchuk, chairman of the Ukrainian parliament. "We do not trust Kravchuk; he is a party apparatchik," said 33-year-old Vasyl, who works as a driver in a co-operative.

But the Kirychenkos were untroubled by the likelihood that Mr Kravchuk, who has wide support in rural areas and the more conservative southern and eastern regions of the republic, will emerge as victor.

"It doesn't matter who we elect," said Nina. "As long as we achieve independence, then we can resolve all our other problems on our own."

In Nina's view, the main challenge will be economic reform, but she is confident that eventually life will improve because "the Ukraine is a rich state and its people are hard-working."

Other families at polling station number one in the Shevchenko district of Kiev posed for pictures next to the Ukraine's blue-and-yellow flag, while holding aloft three fingers in a Ukrainian-style victory salute designed to resemble the trident, which is the Ukraine's national symbol.

Ukrainians voting yesterday at a polling station in Kiev, the capital

Two years ago, displaying a blue-and-yellow flag was a criminal offence, but yesterday the old organs of repression were solidly in support of independence. Passing outside a polling station, the new Ukrainian state security chief and formerly a high-ranking KGB officer, Mr Ievhen Marchuk, said: "Certainly, I voted for independence. It is the main guarantee of our future." Mr Marchuk does not think independence will be a cakewalk: "Building a new state will be more difficult than serving the old regime."

Mr Marchuk, who enjoyed a reputation among dissidents as a kinder, gentler sort of KGB officer, did not see any irony in his support of what was once officially described as "bourgeois nationalism". "Even in the former KGB, there were various kinds of people," he said.

The same paradox was in evidence at the Number 5403 barracks of the once feared interior ministry troops, soon to be transformed into an arm of the Ukrainian national guard. Under the forbidding gaze of Lenin, crudely rendered in bright oil paint, officers egged on recruits to explain why they voted for independence.

Volodymyr Nikitin, an 18-year-old ethnic Russian from the industrial city of Kryvyi Rih in the Ukraine's Russified south-east, cast his ballot "for a free Ukraine" and for Mr Viacheslav Chornovil, the former dissident who takes an uncompromising position on independence and promises radical economic reform.

Colonel Vasyl Martyniuk, a representative of the pro-independent Officers' Union of Ukraine, was present as an observer to guard against feared ballot-rigging among the 1.2m soldiers stationed in the Ukraine.

Although more than half come from other republics, all have the right to vote in the Ukraine and the Soviet high command, correctly fearing that an independent Ukraine could be the end of a single Soviet military, has actively campaigned against the referendum.

None the less, Colonel Martyniuk said: "Overall, the elections in the army will be democratic, because the soldiers have changed. They no longer automatically obey."

On Sunday morning, in the incense-filled St Nykolai Ukrainian autocephalous orthodox church in Kiev's historic Podil district, Father Volovymyr exhorted his flock to heed a different authority: "Satan was the Union and the collective farm. We are fulfilling God's will when we vote for an independent Ukrainian state."

Vance back in Belgrade to decide on peace force

By Laura Silber in Belgrade

UNITED NATIONS special envoy Cyrus Vance arrived yesterday in Belgrade to decide whether a peacekeeping force can be deployed in Yugoslavia. Despite sporadic battles in Croatia, the 14th truce in five months of fighting appeared to be holding in many areas.

There were mortar attacks on Podravska Slatina, northeast of Zagreb, according to Croatian radio. It reported five people killed in Osijek, eastern Croatia, in attacks on Saturday, and said gunbattles were heard yesterday.

On his fourth mission to Yugoslavia, Mr Vance is expected to meet Mr Slobodan Milosevic, the Serbian president, General Veljko Kadijevic, the federal defence minister, and Mr Franjo Tudjman, the president of Croatia, over the next three days.

Mr Vance was quoted by Tanjug, the Belgrade-based news agency, as saying that there had been little progress on the deployments since the truce was signed last Saturday. He said pressure would be put on Croatia and the army, as well as others involved in the conflict. The UN has said peacekeeping troops will not be deployed unless the ceasefire holds. It is the first UN-brokered agreement.

However, Serb leaders from the Serb-controlled region of Krajina, southeast Croatia, said over the weekend they would not allow the stationing of any foreign troops, including the UN peacekeeping force, on their territory.

Mr Vladislav Jovanovic, Serbia's foreign minister, said on Saturday that UN troops should be positioned deep inside Croatia to protect Croatia's 600,000-strong Serbian minority.

This announcement appears as a matter of record only. November, 1991

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Massraf Faysal Al Islami (Jersey) Ltd.
National Bank of Pakistan
Qatar International Islamic Bank
Qatar Islamic Bank
Takafol Islamic Insurance Company (E.C.)
Union de Banques Arabes et Francaises UBAF

Advertising campaigns for itself

EC regulation plans have alarmed the industry, writes Gary Mead

THE EUROPEAN MARKET

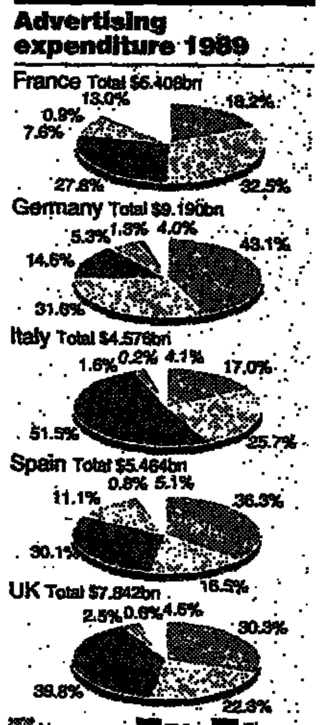
THE European Community has many unharmonised quirks concerning advertising. In Greece, for instance, television commercials for toys are banned before 11pm. In fact, from 1987 until earlier this year, toy advertising was completely prohibited – a restriction that probably had less to do with protecting children than with protecting the country's indigenous toy-makers.

Nevertheless, it is a fact that although some $50bn is annually spent on advertising in the EC, none of the 23 Community directorates has sole responsibility for monitoring and initiating policy in the industry.

That lack of centralised policy and the wide regulatory differences does not imply a lack of official intent about dreaming up policies for the sector. Currently waiting in the wings are at least six legislative proposals (at different stages of development) which will impose restrictions on advertising. The fear among many UK practitioners is that the legislation will in many cases "harmonise down" to the level of the most tightly regulated EC member in whatever particular area is under consideration. The proposals cover:

- Tobacco: An outright ban on print media advertising of tobacco products, which will be considered again at a meeting of council of ministers (health working group) next May; television commercials for tobacco are already banned throughout the Community.
- Alcohol: Some MEPs are interested in imposing an outright ban on alcohol advertising in all forms (similar to proposals concerning tobacco); it is already heavily restricted across the EC – analysts doubt that regulations on alcohol advertising will be harmonised by the end of 1992.
- Financial services: MEPs have called for restrictions on advertising of financial services in all media, following an already adopted directive banning direct mail life assurance advertising to countries other than that of the advertiser; further directives are likely on banking services' advertising.
- Cars: Some MEPs are also interested in reviving a scotched 1985 working directive on car advertising, which included proposals to prevent references to speed and performance.
- Drugs: By the end of 1992 member states are likely to have to bring their national legislation into line with a draft directive on pharmaceutical advertising, requiring highly detailed label information to be included in all advertising.
- Data: A data protection directive, which as it stands threatens to have considerable impact on direct marketing and market research and could render the targeting of consumers exceedingly difficult, is awaiting approval by the council of ministers and parliament.

Advertising expenditure 1989



Source: Screen Digest, GEAR

All this has prompted considerable fear – some might say panic – on the part of not just advertising agencies but also those elements of the mass media which depend heavily on advertising revenue to bolster their profitability at a time of enduring recession. Moreover, some legal experts suspect a "domino effect", with the final outcome on tobacco determining decisions in other areas.

In London last week a one-day conference organised by the European Advertising Lawyers' Association and Westminster Management Consultants set itself the task of analysing "EC control over advertising and marketing".

Mr Gerrit-Jan Ribbink, a Dutch lawyer, set out the case for emphasising self-regulation of advertising within the EC and warned of the precariousness of the first domino. "It seems probable that once the Community has issued a directive restricting the advertising of one particular product [tobacco] this will serve as a precedent for the imposition of restrictions on the advertising of other goods and services," he said.

Uppermost in the minds of many there was the abstruse but important point that much of the pending legislation will be based on Article 100A of the Rome Treaty, which permits majority rather than unanimous voting (as under Article 100).

Thus a volatile cocktail of disgruntlements might be brewing, if individual member states find themselves unwillingly voted into advertising legislation either more liberal or less restrictive than they feel is in tune with their own national, rather than trans-European, taste.

Of even more concern for the mid-term future might be Article 100B, which, as Mr Lionel Stambrooke, European affairs director of the UK Advertising Association, points out, "instructs member states to draw up a list of issues not covered so far for future harmonisation consideration", which could widen yet further the advertising-regulation net.

The Advertising Association is trying to persuade the EC of the virtues of self-regulation, not because it wants a free-for-all in advertising but because self-regulation "is faster, cheaper, easier to adapt to changing social taste and prevents government from embarking on a Herculean task," according to Mr Stambrooke.

"It's almost impossible to remove legislation once it's in place," he adds.

With fear of execution concentrating minds wonderfully, the European Publishers Council (EPC) – representing 19 powerful publishing concerns across west Europe – has recently plunged into an advertising campaign whose slogan, "Stop the EC taking liberties", accuses Eurocrats of threatening commercial free speech through the pending directives.

The advertising battle is due to rumble on into 1992, as the EPC is already laying plans for a fresh anti-Commission campaign in the New Year.

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INTERNATIONAL NEWS

Denmark leaves UK in the lurch on opt-out

DENMARK yesterday left Britain in the lurch by accepting the view of at least eight of its EC partners that it was impossible to write a clause into the Maastricht treaty allowing any EC state to opt out of joining a single currency, writes David Buchan from Scheveningen.

At the same time, Mr Anders Fogh Rasmussen, Danish finance minister, said his country did not want "to be part of an individual British protocol", proposed by the Commission, allowing the UK to decide on economic and monetary union at a later date. This was because the Danish position "differs fundamentally" from the UK's. While in favour of Emu, Denmark wants a referendum in the late-1990s on a single currency. It would consider what alternative safeguard to a general opt-out clause could be made to allow the referendum to take place, Mr Rasmussen said.

He accepted that provision for a general let-out, contained in a Dutch presidency draft treaty issued as recently as November 28, was now dead.

COUNTDOWN TO MAASTRICHT

Mr Norman Lamont, the UK chancellor of the exchequer who was himself born in the Scottish isles, has gone into battle to preserve Scotland's right to issue its own EC-denominated notes if the UK adopts the Ecu single currency, writes David Buchan. At a session of EC finance ministers, Mr Lamont said it was important that any Maastricht treaty on economic and monetary union (Emu) allow for the regional, as well as national, issue of Ecu notes.

The UK is the only EC country, which allows a note issue which is different to its national issue of bank notes. It wants the statutes of the planned European central bank referring to currency issuance to "respect regional traditions".

By contrast, in the first full ministerial discussion this year on an Emu opt-out, Mr Norman Lamont, the UK chancellor, maintained that it was better to avoid specific national provisions in the treaty. He appears to be keen to avoid Labour criticism that the government is confining Britain to the slow lane in EC integration.

Letting a future UK parliament decide whether to participate in Emu has been the British government's most solid demand in the negotiations. In the end, it will probably settle for an arrangement special to the UK, as proposed this weekend by the Commission to the meeting of EC finance ministers in Scheveningen. The protocol proposal says that member states, "having regard to the position of the UK at the start of the negotiations and consistently reiterated ... undertake, in the event of the parliament of the UK not feeling able to approve participation in stage three [of Emu] to take action within the Community framework, to grant the UK an exemption".

A senior UK official said yesterday he was satisfied that a protocol would meet the UK government's legal requirement, protecting it, for instance, from anyone trying to sue it for not joining Emu. The protocol would have the same legal weight as the treaty. But the UK is still determined to sell dearly its agreement for the clause to be narrowed down, or at least to get something in return.

Most other EC governments fear some of their own number may lose enthusiasm for a single currency during the 1990s and may dodge their Emu commitment through a general let-out. In return for agreeing to change this – as seems eventually likely – Britain appears to want concessions elsewhere. These might even be in the political union negotiations, where Britain is attempting to put a brake on future movement to a federal Europe.

On a European central bank, ministers appeared to agree that it should have a "governing council" of Emu-participating countries and a more symbolic, wider "general council" of all 12 EC states.

Norman Lamont talks to his Portuguese counterpart, Mr Braga de Macedo, yesterday, at the EC finance ministers' meeting in the Dutch seaside resort of Scheveningen

British ministers hopeful compromise can be reached

BRITISH government ministers voiced confidence yesterday that the structure of a possible agreement at the European Community's Maastricht summit had been put in place, writes Philip Stephens, Political Editor.

But after talks in The Hague between Mr John Major and Mr Ruud Lubbers, Downing Street indicated that many of the most contentious issues would have to go to the summit itself for resolution. Those included the nature of the opt-out for Britain in the treaty on economic and monetary union (Emu), the Community's role in foreign and defence policy and the Social Action programme.

Despite an acknowledgment by Mr Major that his talks with the Dutch president of the Community had been "hard pounding", senior ministers said privately they were hopeful that compromises could be found.

As he prepared for talks in Downing Street this morning with President François Mitterrand, colleagues said the prime minister was convinced that, with goodwill on all sides, the summit would be a success.

They suggested that Mr Major would in the end be prepared to accept an opt-out clause from Emu that was specific to Britain and was ready also to show flexibility on a range of other issues. Against that, he had told Mr Lubbers that in some areas – notably defence, foreign and social policy – he could not accept removal of national vetos.

Mr Major welcomed the the Dutch presidency's postponement until after Maastricht of any decision on a new directive – opposed by Britain – to set EC-wide limits on working hours.

A suggestion by Sir Leon Brittan, Commission vice-president, that the remaining gulf between Britain and its partners over social policy might be bridged by Treaty changes providing for unanimous voting in the most sensitive areas, met with cautious approval from ministers.

Mr Douglas Hurd, the foreign secretary, is expected to signal at today's meeting with his EC counterparts that Britain will accept an extension of EC competence in other areas such as the environment, health and education.

He is also likely to suggest that the government will consider majority voting on the detailed implementation of foreign policy if the Community can agree a tight definition of what that would mean in practice. One possibility is that implementation could be separated from the substance of policy only by a unanimous vote of the Council of Ministers.

UK's threat heads off work directive

By David Goodhart, Labour Editor

THE DUTCH presidency of the European Commission has agreed not to press ahead with the disputed directive on working hours, following a threat from the UK government to veto compromises on a range of other issues at the Maastricht summit if it did.

A decision on the directive – including proposals for a 48-hour maximum working week, four weeks of holiday, and Sunday "in principle" to be a day of rest – was to have been taken at a meeting of the Council of Ministers in Brussels tomorrow.

The directive has been classified as a health and safety measure, one of the few areas of EC social policy subject to qualified majority voting and thus not susceptible to the British veto. "But we made clear that, if it went through, there would be serious problems in a lot of other areas," said a British diplomat.

The directive will be discussed at the meeting tomorrow but the Dutch have assured the British it will not go to a vote. Its return next year depends on the outcome of the broader Maastricht negotiations on social policy.

These broader negotiations are deadlocked. Most member states and the Commission want a considerable extension of majority voting in the social field; the UK wants none.

UK officials have not fully ruled out a compromise.

Officials in DG5, the Commission's social and employment policy directorate, have already accepted that one of the two most controversial areas for extending majority voting – "information and consultation of workers" – has no chance of getting through. This means the UK government could go on vetoing works councils – worker/employee consultative bodies – for larger EC companies.

The other controversial area for the extension of majority voting is "working conditions". That phrase is far too general for the UK, but a more precise definition is being worked on by social policy officials.

Mr Tony Blair, opposition Labour Party employment spokesman in the UK, said yesterday that the working hours directive was more flexible than the government maintains. He added that an agreement had been reached on extending the "reference period" for the 48-hour week, the period within which any worker's week must average 48 hours, to any period agreed by unions and management.

He also claimed that the Council of Ministers' legal service has reported that, by the current wording in the directive, Sunday would remain optional as the day of rest.

Bundesbank opposes control of reserves

By Peter Norman, Economics Correspondent

THE Bundesbank is mounting a determined campaign to prevent the proposed European Monetary Institute (EMI) having control over foreign exchange reserves in the transitional second phase of European Monetary Union.

It is also opposing political control over exchange rate policy in the third and final stage of Emu, when a European central bank will be placed in charge of a single EC currency.

Mr Helmut Schlesinger, Bundesbank president, told a group of UK journalists in Frankfurt that discussions were still taking place, among the finance ministers negotiating the treaties on economic and monetary union, about the role of the EMI in keeping and handling foreign exchange reserves.

It was the German central bank's view that it should not have to transfer reserves to the EMI, which is intended to coordinate monetary policy among the 12 EC central banks in the second stage of Emu.

It feared that any intervention by the EMI in the currency markets, without the permission of the member states, could be contradictory to the interests of one or another EC central bank and hence counter-productive.

Likewise, the bank president made clear that his institution still had grave worries that the planned commitment of the proposed European central bank to price stability could be undermined if political bodies such as the EC Council of Ministers had too great an influence over exchange rate policy.

Recent events on foreign exchange markets had shown that exchange rate policy was inseparable from interest rate policy. Interest rate changes meant changes to domestic monetary policy, he said.

A difficult transitional phase to a single currency could even result in the involvement of the European Court of Justice in EC monetary affairs, according to a report from the London Business School (LBS), writes Peter Norman.

In the school's latest International Economic Outlook, Prof David Currie of the LBS says problems could arise in interpreting the statutes of the European central bank once the final stage of Emu has been achieved.

"There is ample scope for long wrangles over these statutes and the ultimate arbiter of these disputes is the European Court of Justice", Prof Currie writes.

These issues remain to be clarified in the discussions among EC finance ministers before the Maastricht summit. Mr Schlesinger, who was talking before the latest round of Emu talks, said the Bundesbank and the German government were fully agreed in their approach to the negotiations.

However, it was clear that the Bundesbank was far less convinced than the Bonn government about the merits of Emu itself.

Germany's interest in having a European central bank was political, he said.

Germany would gain no significant economic advantage from Emu. By contrast, the internal market – with its free movement of goods, capital and people – produced big advantages.

However, this could operate with a relatively stable exchange rate system, such as the European Monetary System, and did not require a single currency, Mr Schlesinger said.

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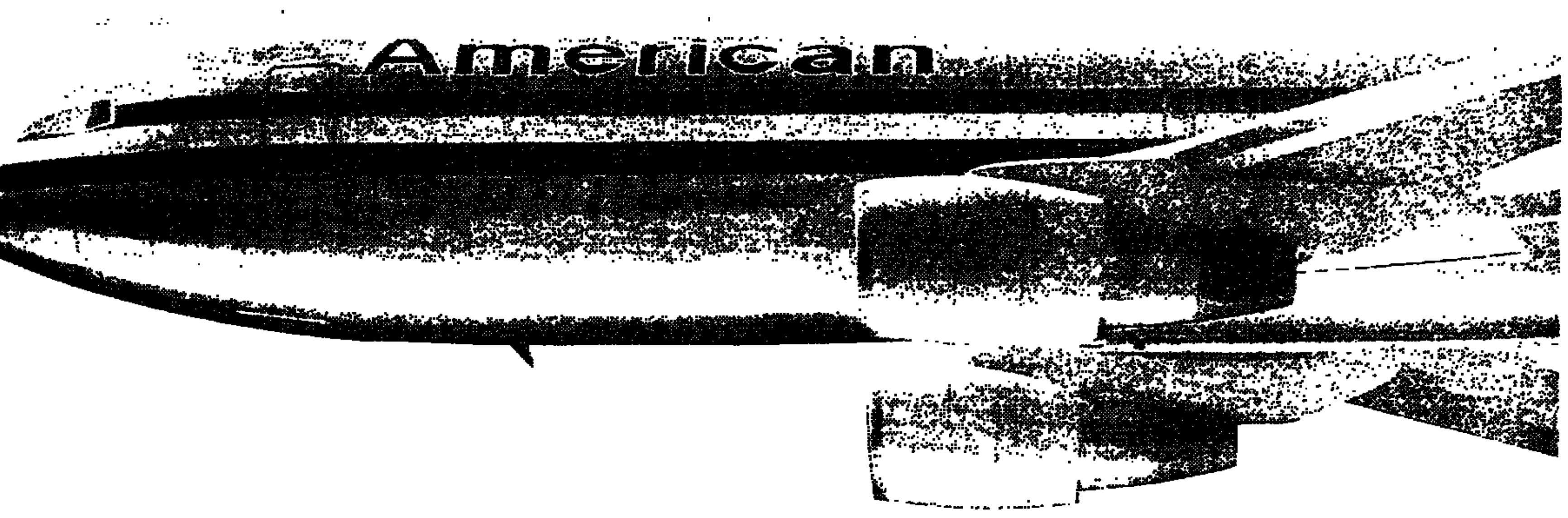

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Camdessus to receive Brazil $2bn loan plea

By Christina Lamb in Rio de Janeiro

MR MICHEL Camdessus, head of the International Monetary Fund, was due to arrive in Brasília last night to accept Brazil's letter of intent for a $2bn (£1.1bn) standby facility.

This will be Brazil's 10th letter of intent since 1982, but it is the first time an IMF chief has come to the country to accept it. He will be formally handed the letter this morning before flying to Cartagena, Colombia, to meet Brazil's President Fernando Collor who is expected to add his personal guarantee. Under the letter, the Brazilian government commits itself to a fiscal adjustment next year of 3 per cent of GDP through increases in tax revenues and public sector tariffs. It also agrees to keep reserves at $9bn throughout the period (currently about $7bn).

Though not mentioning specific figures, the letter is based on reaching single-digit monthly inflation by the end of next year through a continuation of its policy of positive real interest rates. Inflation is now 27 per cent a month. The letter is less ambitious than the one signed last year and torn up after Brazil failed to meet any of its targets. It predicts another year of zero growth, though a big rise in imports. An official said: "This time we are making promises we can keep".

The IMF's agreement to consider another programme with Brazil is a tribute to the negotiating skills of Mr Marcílio Marques Moreira, Brazil's economy minister. He persuaded Mr Camdessus to come to Brazil after visiting Argentina. Mr Camdessus has pushed for a programme with Brazil, backed by the US, on grounds that the country is close to hyperinflation and is "too big to fail", as well as the need for a programme to be in place for talks to resume with creditor banks over Brazil's $52bn commercial debt.

But opposition has come from within the World Bank and some of the Fund's member countries which feel Brazil has not yet shown itself sufficiently committed to a programme of economic reform. It is by no means certain the IMF board will approve the deal. One of the major uncertainties rests with the Brazilian Congress which is still to vote on an emergency tax reform programme crucial to the government's fiscal adjustment.

● President Collor has launched the country's first nation-wide campaign against Aids, warning that, without immediate action, Brazil could face 8m cases by the end of this decade.

Duke set to combat Bush for nomination

By Lionel Barber in Washington

MR DAVID DUKE, former Grand Wizard of the Ku Klux Klan, is expected to announce today he will challenge President George Bush for the Republican party's presidential nomination in 1992.

This prospective candidacy is an embarrassment to Mr Bush, whose popularity has slid below 50 per cent in a new poll. But it remains unclear how serious a threat the former Klansman would poses in Republican primary races next year. Mr Duke, 41, was trounced last month when running on behalf of the Republican Party for the governorship in Louisiana.

The risk for Mr Bush is that Mr Duke could attract Republican votes in the South, cornerstone of Republican victories in five out of the last six presidential elections.

Mr Bush faces another prospective challenge from the conservative Republican wing. Mr Patrick Buchanan, former speech-writer to Presidents Nixon and Reagan, is expected to declare his candidacy within two weeks.

Mr Newt Gingrich, a conservative and the House of Representatives minority leader, said yesterday Mr Buchanan could gain as much as 40 per cent of the vote in the New Hampshire primary in February.

Egypt aims at a new world order

Tony Walker on the latest Mideast thinking for a link with Europe

WHEN Mr Amr Moussa, Egypt's foreign minister, meets his European counterparts in Brussels today, he will seek to persuade them to accept the idea of a new forum, to include the countries of Europe as well as those of the Mediterranean littoral.

This latest Egyptian diplomatic initiative stems from concerns among non-Community Mediterranean states that the new unified European market due in 1992 will be detrimental to their trade and other interests.

It also reflects a desire among Arab states, and Egypt in particular, to hitch regional security to the "stabilising influence" of Europe which is evolving its own security arrangements under the umbrella of the Conference on Security and Co-operation in Europe (CSCE).

"This (unification) is a major event in the history of the 'old world' so we have to get ready to deal with it," Mr Moussa said in an interview.

"I believe that the essence of new thinking and new security in the Middle East is to link up with the world. And you cannot do that without co-operating with Europe and establishing a new forum based on the Mediterranean region."

Egypt wants the "Mediterranean forum" to provide a framework not only for discussion of security and trade issues, but also such questions as the environment and human rights.

Cairo's championing of a new forum coincides with something of a foreign policy offensive under Mr Moussa, 54, who was appointed to the cabinet earlier this year after serving as Egypt's United Nations representative.

Egypt's foreign minister is also proposing a new body to represent developing countries following the end of the Cold War. This, he says, would replace such organisations as the "Group of 77" and "Non-Aligned Movement" which, according to Mr Moussa, have "disintegrated".

Asked whether it was presumptuous for Egypt to presume to lead not only countries in its own region, but also others among the world's approximately 130 developing nations, Mr Moussa said it was his "firm opinion that the world cannot change and walk on one leg which is the developed world of the north alone. It has to go on two legs, including the Third World."

Egyptian officials cite figures provided by the European Community as good reason for Europe to pay close attention to the needs and problems of poorer states of the Mediterranean basin, which stretch from Morocco in the west to Turkey in the east.

Moussa: a new forum

For example, by the year 2025, the population of the 14 Mediterranean non-Community (MNC) countries will have outstripped that of European Community and Efta states which now stands at about 350 m.

The population explosion in MNC countries there are 5m more inhabitants every year and problems of stagnant economies, debt, unemployment and environmental despoliation threaten to continue the cycle of instability, and perhaps more worrying for EC states, increase pressures for immigration from south to north.

A confidential EC study said recently that the "key political question is: Can the Community at a time when it is strengthening its own political cohesion and economic vitality, afford to let such an economic and social gap open up between itself and its southern neighbours?"

Mr Moussa is almost certain to remind EC ministers that MNC countries are the EC's third largest customer and fourth largest supplier, and that trade surpluses since the slump in oil prices are heavily in the Community's favour.

In 1989 the surplus was Ecu5.4bn (£3.85bn) with Egypt responsible for about one-third.

Egypt's minister is likely to encounter questioning from his EC counterparts over Egypt's own economic reforms, especially over its faltering efforts to liberalise.

Mr Moussa concedes there is room for improvement. Egypt's economy, he says, will have to become "more international" in its outlook.

King Hussein inspects an honour guard before opening Jordan's parliament yesterday. Regional peace depended on Israel quitting occupied lands and Palestinians regaining their rights, he said

UN team finds bomb equipment in Iraq

UN INSPECTORS returning from Iraq yesterday said they had found chemical bomb-making equipment in a surprise visit to a sugar factory, and undeclared Scud missile "cradles" at an ammunition storage site, Reuter reports from Manama, Bahrain.

Ms Karen Jansen, head of a team of chemical and biological arms experts, told reporters that previous UN inspectors had learned that the bomb-making equipment had been moved from Iraq's main chemical facility at Muthana, north of Baghdad, before the Gulf War.

Iraqi authorities were asked to return the equipment from the sugar factory, in the northern Iraqi town of Mosul, to Muthana, which has since been chosen as the site for the destruction of Baghdad's chemical arsenal.

Iraq told UN inspectors the material, which had been used to make chemical bombs, had all been returned.

Verifying this was part of the 18-member team's mission, she said.

"There was well over 100 pieces of equipment that were still remaining at Mosul," she said. "To me it looks like an attempt to keep a lot of equipment they knew would be destroyed."

Ms Jansen was speaking in Bahrain, the UN inspection teams' field headquarters, on her return from a 12-day trip to Iraq.

She said the team made unannounced visits to 16 suspected weapons productions sites spread over the entire country.

On one reconnaissance flight, they saw three empty Scud missile cradles at an ammunition storage site 80 km (50 miles) west of Karbala.

Iraqi officials maintained the equipment had not been declared because their record-keeping was not up to western standards, but Ms Jansen said this was hard to believe.

Kuwaitis go for desert buggies

KUWAITIS are clamouring for four-wheel-drive, go-anywhere cars because of the Gulf War, Reuter reports from Kuwait. Dealers say some buyers, worried about another invasion, are steering away from boulevard cruisers in a rush for personal transport able to bounce across desert dunes.

Sales of Japanese and US all-terrain vehicles have doubled since the US-led allies liberated Kuwait from the Iraqis in February. One showroom said it had sold 500 a month since June, against under 200 a month before Iraq invaded in August last year. Dealers claim it is something no Kuwaiti family wants to be without.

Immune threat in ozone thinning

A WIDESPREAD threat to human health exists because of the thinning of the Earth's ozone layer, according to a report prepared for the UN Environment Programme and leaked by Greenpeace, the environmental organisation, John Hunt writes.

It says a sustained 10 per cent decrease in the ozone layer would cause 300,000 cases of skin cancer a year world-wide - a 26 per cent increase. It could lead to 1.6m-1.75m cases of eye cataracts annually, and would affect people's immune systems, placing the world's population at growing risk of disease.

A main cause of ozone depletion has been CFCs (chlorofluorocarbons) in aerosols, and some industrial processes now being phased out under the Montreal Protocol.

The UK Stratospheric Ozone Review Group reported this year that the ozone layer above a belt stretching from Britain to southern Spain had thinned by 8 per cent over the past decade. It is estimated that ozone thinning over Britain could reach 30 per cent by the year 2000. The report was prepared by a panel headed by Dr J.C. van der Leun of Utrecht University.

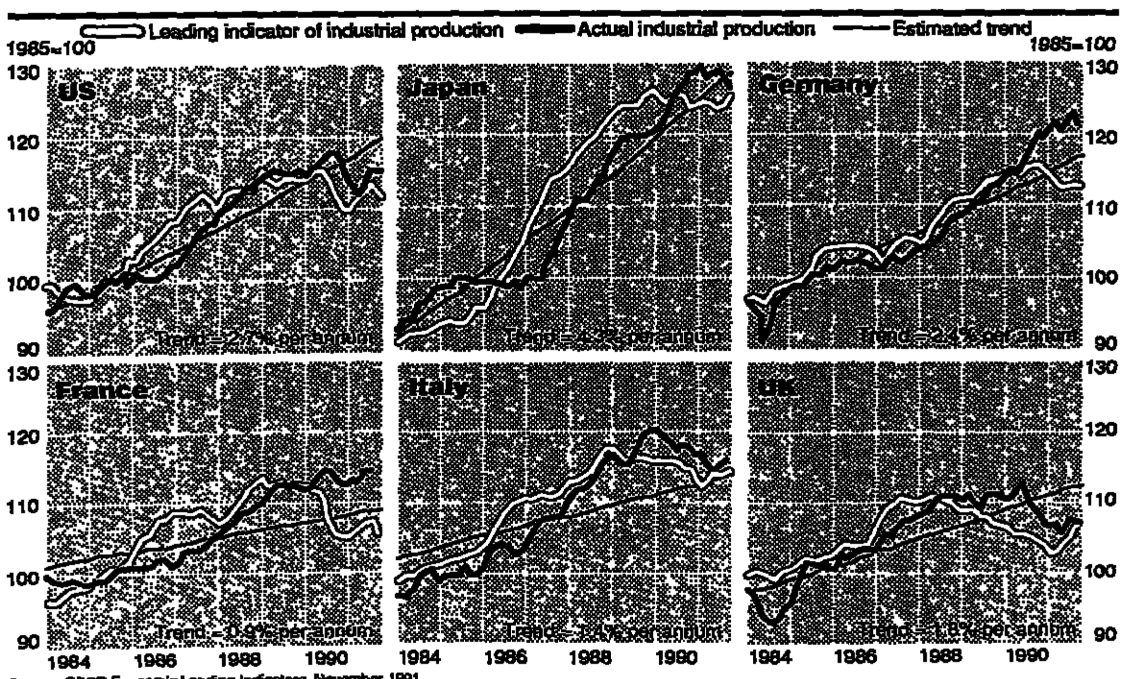
INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

	UNITED STATES					JAPAN					GERMANY				
	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	95.3	98.3	7.4	96.2	98.5	96.9	96.4	2.7	100.5	93.9	99.2	96.0	7.1	83.4	99.9
1985	100.0	100.0	7.1	100.0	102.9	100.0	100.0	2.6	100.0	96.6	100.0	100.0	7.2	100.0	104.2
1986	105.7	101.0	6.9	98.0	108.1	106.5	99.7	2.8	94.3	105.3	103.6	102.2	6.4	136.4	103.9
1987	108.3	105.9	6.1	105.2	110.0	113.8	103.1	2.8	108.3	115.3	107.4	102.5	6.2	149.4	105.0
1988	112.2	111.6	5.4	106.1	114.5	122.8	112.9	2.5	135.9	122.8	110.6	106.2	6.2	164.7	111.3
1989	114.7	114.5	5.2	99.3	113.5	132.8	119.9	2.3	147.0	126.4	113.7	111.4	5.6	218.9	114.3
1990	114.2	115.7	5.4	84.4	109.3	142.0	125.3	2.1	149.7	124.3	123.0	117.2	5.1	260.6	114.9
4th qtr.1990	−2.1	0.3	5.8	72.7	109.3	3.2	6.9	2.1	153.2	124.3	8.6	5.1	4.7	258.0	114.9
1st qtr.1991	−3.8	−2.3	6.4	64.5	110.9	3.0	6.0	2.0	148.0	124.6	12.0	4.8	4.5	266.5	112.9
2nd qtr.1991	−1.6	−2.8	6.7	63.0	112.3	2.6	3.1	2.1	146.4	124.0	9.7	5.4	4.5	277.4	113.1
3rd qtr.1991		−2.2	6.7	60.6	111.5		1.2		142.1	125.0	0.0	1.5		277.4	112.7
November 1990	−1.5	0.2	5.8	70.7	109.6	4.0	6.6	2.1	148.2	124.1	9.8	5.5	4.7	257.2	115.4
December	−3.5	−1.3	6.0	70.6	109.3	3.2	6.1	2.1	153.7	124.3	7.3	3.6	4.6	262.1	114.9
January 1991	−5.9	−0.8	6.1	66.3	109.6	3.7	7.8	2.0	153.3	124.3	14.4	5.9	4.5	264.9	113.9
February	−3.2	−2.6	6.4	64.3	110.1	2.9	8.8	2.0	148.5	124.5	10.1	4.0	4.5	264.1	113.6
March	−2.1	−3.6	6.8	63.1	110.9	2.4	3.5	2.1	142.6	124.6	11.4	4.5	4.5	270.6	112.9
April	−2.1	−3.0	6.5	62.7	111.1	2.5	3.8	2.1	152.6	124.4	9.0	6.7	4.5	274.2	112.5
May	−1.1	−2.7	6.8	62.5	111.8	1.8	4.3	2.1	146.4	124.1	6.9	3.0	4.5	277.4	112.8
June	−1.7	−2.5	6.9	63.7	112.3	3.4	1.1	2.1	140.5	124.0	13.3	6.6	4.5	281.5	113.1
July	−1.2	−2.1	6.7	61.1	112.5		2.5	2.2	150.3	124.1	2.9	3.6	4.6	280.7	112.8
August	−1.8	−2.3	6.7	60.6	112.4		0.1	2.2	138.0	124.2	−2.2	1.1	4.6	279.9	112.9
September		−2.2	6.6	60.2	111.5		0.9		137.7	125.0	−0.7	−0.3		270.9	112.7
October		−1.5					−2.1							261.1	

	FRANCE					ITALY				UNITED KINGDOM					
	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	
1984	99.3	99.3	9.7	100.5	98.4	95.8	98.6	9.3	101.2	95.6	94.8	11.7	93.7	100.7	1984
1985	100.0	100.0	10.2	100.0	101.7	100.0	100.0	9.6	103.8	100.0	100.0	11.2	100.0	102.4	1985
1986	102.4	101.1	10.4	107.2	108.1	108.0	104.1	10.4	110.6	105.2	102.4	11.2	116.1	105.2	1986
1987	104.5	103.1	10.5	117.6	107.6	113.6	106.8	10.9	112.8	110.7	105.7	10.3	141.2	109.4	1987
1988	107.9	107.3	10.0	134.9	112.9	110.2	114.2	10.9	117.7	117.7	109.5	8.5	144.3	108.3	1988
1989	109.6	111.2	9.4	161.3	112.3	117.9	118.7	10.9	115.9	119.9	109.9	7.1	124.2	106.0	1989
1990	110.1	112.5	8.9	165.6	104.7	114.3	118.0	9.8	112.3	120.4	109.3	6.9	98.5	102.5	1990
4th qtr.1990	0.6	−0.3	8.9	150.1	104.7	−2.6	−4.0	9.8	112.3	−1.2	−3.2	7.3	78.9	102.5	4th qtr.1990
1st qtr.1991	−0.5	0.5	9.0	133.1	104.8	1.3	−1.7	10.0	113.3	−0.7	−3.0	8.2	81.8	102.9	1st qtr.1991
2nd qtr.1991	−1.4	0.4	9.3	130.1	106.4		−2.2	10.0	113.9	−1.9	−6.0	9.2	64.0	103.8	2nd qtr.1991
3rd qtr.1991	0.0	−1.0	9.5	132.4	106.7		−4.3		113.9	−0.4	−2.1	9.9	61.0	106.4	3rd qtr.1991
November 1990	−2.8	−0.6	8.9	149.7	104.7	−2.1	−3.9	n.a.	113.7	−1.4	−3.4	7.3	78.4	103.0	1990 November
December	0.6	−1.6	8.9	143.0	104.7	−1.6	−5.4	n.a.	112.3	−1.2	−4.1	7.6	75.7	102.5	December
January 1991	−0.3	1.3	8.9	137.2	104.5	3.4	0.1	n.a.	112.2	−1.5	−3.7	7.6	82.2	101.9	1991 January
February	−1.6	1.9	9.0	130.1	104.5	−5.9	−2.4	n.a.	112.3	−2.6	−2.1	8.1	82.2	102.3	February
March	0.5	−1.6	9.0	132.0	104.8	6.4	−2.8	n.a.	113.3	1.9	−3.3	8.6	81.0	102.9	March
April	0.4	0.4	9.1	129.1	105.4	−8.3	−4.0	n.a.	113.8	−2.1	−6.8	8.9	70.3	103.4	April
May	−2.0	0.4	9.3	129.5	106.0	−7.0	−2.8	n.a.	113.8	−3.2	−6.1	9.2	63.1	103.6	May
June	−2.5	0.4	9.4	132.0	106.4		0.3	n.a.	113.9	−0.4	−5.0	9.4	58.6	103.8	June
July	3.2	−1.1	9.5	134.9	106.7		−2.0	n.a.	113.7	−0.6	−2.1	9.7	60.1	104.4	July
August	−0.8	−1.1	9.5	134.1	106.9		−7.7	n.a.	114.1	−0.1	−2.7	9.9	61.6	105.4	August
September	−2.4	−0.8	9.6	126.0	106.7		−3.1	n.a.	113.8	−0.5	−1.7	10.1	61.5	106.4	September
October					105.3			n.a.		0.0			59.8		October

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. **Retail sales volume:** data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). **Industrial production:** data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). **Unemployment rate:** OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. **Vacancy rate indicator:** relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US – help wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. **Composite leading indicator:** OECD data. Each is a combination of series, cyclical fluctuations in which usually precede cyclical fluctuations in general economic activity.



Source: OECD Economic Leading Indicators, November 1991

Leading indicators imply more slow growth

THE PROSPECTS for the world economy over the coming year are deteriorating by the month. Earlier in the year it seemed likely that economic recoveries in the US, UK and France would be sufficient to fuel a strong recovery in 1992, despite the expected slowdown in Germany and Japan. But the US and UK economies remain very weak, while Japan's is slowing faster than expected. Growth rates among the world's largest industrialised countries are, indeed, likely to converge over the coming year – but at a lower than hoped level.

The OECD has already started to revise down its national forecasts in preparation for its December Economic Outlook. Its forecast for the growth of US gross national product in 1992 has been revised down from 3.1 per cent in the July Outlook to between 2 and 2.5 per cent now. The recent economic survey forecast a rate of growth of Japanese GNP of 2.5 per cent in 1992, compared to a July forecast of 3.5 per cent.

The National Institute of Economic and Social Research was marginally more pessimistic in its latest Review. It forecast growth of 2.2 per cent for the US, 2.4 per cent for Japan and 2.3 per cent for Germany in 1992. For the seven largest industrialised countries, it forecast GNP growth of 2.2 per cent next year compared to 1.1 per cent growth in 1991. The 1992 forecast was revised down from 2.9 per cent in the August Review.

Why have forecasters become more pessimistic in recent months? The reason is a rash of bad economic news that is already reflected in the OECD's leading indicators of industrial production. These are compiled monthly and appear in this week's table.

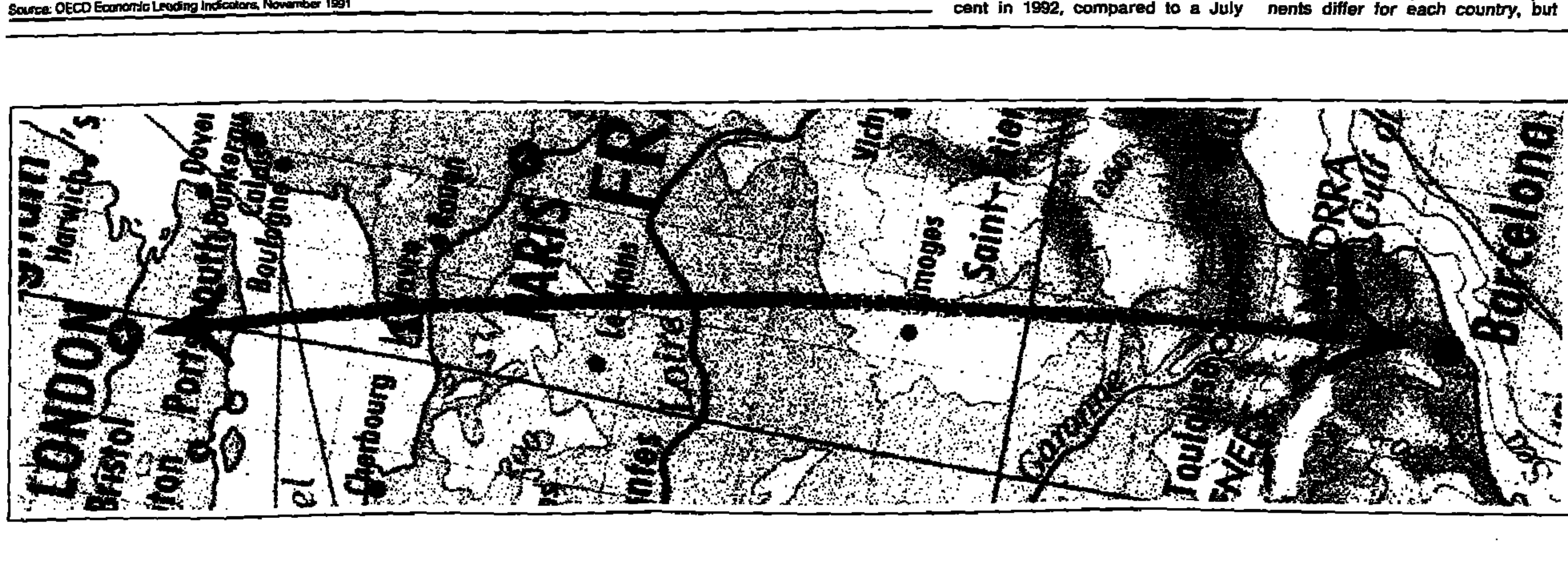
Leading indicators combine a number of economic indicators for each country in index form and tend to predict future movements in industrial output. The components differ for each country, but generally include stock market indices and interest rates, levels of stocks and orders, and results from business confidence surveys. The estimated lead time between a change in the leading indicator and a subsequent change in industrial production varies from country to country, but is normally 4-8 months.

The leading indicators have done relatively well in recent years at signalling changes in future output. Japan's leading indicator predicted both the surge in output which started in 1987, and the subsequent slowdown in 1990, as the effects of high interest rates depressed demand. The indicators predicted both the US and UK recessions, although in the UK case they suggested that the recession would begin earlier and be less deep. The French indicator has not performed as well, suggesting a sharper fall in output than has so far materialised.

The OECD leading indicators do not bode well for the coming months. Between February and the summer, they were indicating a recovery in output in the US, France, Italy and the UK. But Italy's leading indicator has faltered in recent months, while for France and the US the index has fallen, suggesting a double-dip recession, at least in the manufacturing sector.

Only in the UK and Canada, among the G7 countries, are the leading indicators suggesting anything other than slow, or even no, growth. The UK leading indicator has been rising for eight consecutive months, but a sustained recovery in output is yet to materialise. This indicator was premature in its prediction of Britain's recession. The economic evidence so far, along with recent, gloomy Confederation of British Industry surveys, suggest it may prove too quick in its forecast of recovery too.

Edward Balls



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INTERNATIONAL NEWS

Sharp rise in Japanese inventories

By Emiko Terazono in Tokyo

JAPANESE companies are facing the highest inventory increases in more than a decade, amid a sharp fall in demand in the domestic and overseas markets.

Theannouncement last week of an unexpectedly high 10.6 per cent year-on-year increase in October inventories highlighted the failure of Japanese companies to react quickly enough to market reality.

Since the beginning of the year, inventory figures have increased steadily, even though companies have cut output. Industrial production figures for October fell a year-on-year 2 per cent – the first drop since May 1987 and the worst since April 1986.

Many companies have seen half-year pre-tax profits fall, and are warning of lower profits for the year to March. Price cuts to shift stock have started to squeeze profit margins.

"Japanese companies overestimated the growth in external demand from hopes that the US economy would recover this summer," said Mr Paul Summerville, an economist at brokers Jardine Fleming. He believes the inventory adjustment will take six to eight months to accomplish, in line with a decline of similar length in industrial production.

The October inventory figures reflected sluggish demand in export-related sectors such as those of cars, electronic machinery and precision instruments. Inventories in the motor industry rose 12.2 per cent over those of the previous month. Nissan reported stocks of its older-model cars were rising, and its production fell 4.8 per cent to 206,984 units during October. Both domestic and export demand had been declining by about 3 per cent.

At Matsushita Electric Industrial, the inventory balance in September rose 30 per cent over that of September last year to Y244.4bn (£1.06bn), although the company pointed out that it was preparing for the winter gift season.

Some economists argue the picture is not as gloomy as some companies claim. "Japanese companies have had a good record for clearing inventories, and the shift in gear to cut production is good news," said Mr Summerville.

However, the Bank of Japan will be wary of an excessively rapid rebound in growth for fear of an inflation resurgence, so it may take longer than usual for corporate Japan to get a grip on inventory levels.

S Africa hopeful after talks

SOUTH Africa's political leaders have agreed at last to hold power-sharing talks, but the people who will sit around the negotiating table this month will not hold the only key to a post-apartheid settlement, Reuter reports from Johannesburg.

Political analysts said yesterday that, despite the good progress made at two days of talks laying the framework for serious constitutional negotiations, various groups absent from the meeting also held a vital role.

These groups include the official opposition, the white Conservative Party, some groups even further to the right and hardline anti-apartheid movements which will not sit down with white leaders until they give up power.

"These people on the fringes are the political scavengers. As long as we do not have them in the talks, we are going to have a very bumpy road," said a political scientist, Willie Breytenbach, of Stellenbosch University.

All but one of the 20 political organisations at the talks, which ended on Saturday, agreed on a blueprint for constitutional negotiations which will start in earnest on December 20 in Johannesburg.

The radical Pan-Africanist Congress (PAC) walked out of the final session of the closed-door weekend meeting, saying they were being bulldozed into agreement by the African National Congress (ANC) and white government delegates.

Analysts said the walk-out was nothing more than a hiccough. The PAC, estimated to command the support of only 5 per cent of black people in South Africa, has left the door open for rejoining the negotiators.

"What is far more important is the fact that the government was seen sitting down at a table with the PAC and the Communist Party. That is a far more important yardstick of the changing South Africa," one analyst said.

The refusal of the Conservatives and other group to attend the constitutional haggling may prove to be short-term.

"Once the negotiating train starts pushing out of the station, the Conservatives will not want to be left behind," said Breytenbach.

Most observers felt that the fact negotiators were at last in place and ready to do business, 21 months after President F.W. de Klerk started the reform process, was enough to lift confidence.

Analysts said the prospect of talks was not the only reason for optimism on the South African political scene.

A truce has fallen in the township violence which has killed nearly 4,000 people in the past 18 months. This has eased strained relations between the country's two main anti-apartheid movements, the ANC and the Inkatha Freedom Party.

The ANC/Inkatha war for political supremacy, with black suspicions that white security forces were fanning violence, was a main reason for political leaders keeping away from the negotiating table.

ANC secretary-general Cyril Ramaphosa delivers a statement on the talks

Plan to reform Indian banks

By Alexander Nicoll, Asia Editor

INDIA is working towards the creation of a government agency to clear up the balance sheets of its state-owned banks, on the lines of the Resolution Trust Corporation which is to salvage US savings and loan institutions.

Mr S. Venkitaramanan, governor of the Reserve Bank of India, the central bank, said in an interview in London that this recommendation had been considered by a committee which is due to present to Parliament this week proposals on reforming the financial sector.

India's banks are in a poor state because most of their lending is officially directed either to fund the government's budget deficit or in subsidised lending to so-called priority sectors. This leaves very little credit available for profitable loans to businesses.

Mr Venkitaramanan last week held talks in Washington with the World Bank on a $500m loan to support financial sector reforms crucial for the success of the economic reform programme undertaken this year by the government Mr P.V Narasimha Rao.

His message in Washington and London, where he met the Bank of England and top commercial bankers, was that the liquidity crunch which hit India during the summer, almost forcing a halt in payments on its $70bn foreign debt, was over. International confidence in India had returned, and the economic reform was continuing.

Foreign exchange reserves, excluding gold, have reached $2.7bn, equivalent to six weeks of imports. India has repaid a $400m gold loan from the central banks of Britain and Japan, and is repaying a $200m loan advanced to the State Bank of India by Union Bank of Switzerland under a gold sale-and-repurchase arrangement. A separate $300m structural adjustment loan would go to the World Bank's board this week and be rapidly disbursed, Mr Venkitaramanan said.

Left-wing opposition to the economic reform programme was underlined on Friday by a one-day strike which halted work at Indian banks.

Unions are concerned that the reforms will mean much privatisation, though so far the government has been soft-pedalling on this. Mr Venkitaramanan said that, although the thrust of Mr Narasimha Rao's programme was divestiture and restriction of the public sector's dominance, this did not mean privatisation.

The government, which has said it will sell stakes of up to 20 per cent in public sector enterprises, was planning to raise Rs12.5bn (£270m) by end-year, and the same amount in the following three months, through sales of bundles of shares in, for example, petrochemical and oil companies.

Government-owned mutual funds would bid for bundles including the shares of several companies, so that they could not just buy the best ones, and would then unbundle them in selling on to investors.

Mr Venkitaramanan said the economy has slowed and inflation fallen through moves to tighten liquidity. He predicted economic growth of 2.5 to 3 per cent in the year to end-March, and said inflation would be down to single figures by then, from 13 per cent now. This should enable the Reserve Bank to lower interest rates, while the rise in reserves should soon permit it to remove the emergency controls on imports introduced during the summer.

UK assures China on Dalai Lama meeting

By Yvonne Preston in Beijing

MR JOHN MAJOR, UK prime minister, is to meet the Dalai Lama in London today.

The premier's decision to meet the Tibetan spiritual leader reflects concern over human rights in Tibet, and does not indicate any change in the government's view on the position of Tibet, Lord Caithness, a UK foreign minister, said in Beijing.

The Chinese government, he added, was concerned about the meeting, but he had assured them it would be merely spiritual.

The UK government met considerable criticism when it snubbed the Tibetan leader during his visit to Britain last March. There were no official meetings, although the Lord Chancellor was allowed to chair a meeting addressed by the Dalai Lama. Since then, the Dalai has met President George Bush of the US.

Lord Caithness had talks with Mr Qian Qichen, China's foreign minister, and Mr Zou Jiahua, vice-premier, during which human rights issues figured prominently.

The Chinese had identified the fate of all but two of the people on a list of 37 names of political prisoners handed over by Mr Major, during his visit to Beijing, Lord Caithness said.

Beijing said four had never been in custody, five had been released and 25 sentenced for crimes; one was undergoing reform through labour. Names did not figure in the list.

Chinese party's plenum sticks to tight control

By Yvonne Preston in Beijing

THE POLICIES of linking economic reform with tight political control – espoused in China by the 87-year-old patriarch, Deng Xiaoping – were re-affirmed by a meeting of the full central committee of the communist party, which has just ended in Beijing.

Comrade Deng is fulsomely praised in the closing communiqué of the party's eighth plenum, which calls on the party's 50m members to support Deng's latest hand-picked successor, Jiang Zemin, the secretary-general.

The communiqué provides no further details about the succession to the revolutionary elders of Long March vintage, who are expected to step down at last at the party congress next year. It says the congress, convened every five years, will be held in the last quarter of 1992.

New appointments to the politburo were expected to be decided at the plenum, as well as new central committee appointments to supersede the retiring "first generation of revolutionaries". The new members are expected to include sons and daughters of the party elders, elevated as guardians of the ideology and as "trustworthy Marxists".

Economic construction remains the "core task" of the party, the communiqué affirms, underlining Deng's conviction that continuing economic development is vital to the legitimacy of communist rule, particularly with the collapse of communism in the Soviet Union.

The communiqué lays heavy stress on the need "to run the party strictly" and build up its ideology. "There must be improvement of the understanding of Marxist-Leninist theories and Mao Zedong thought on the part of the party cadres, the leading cadres in particular, to improve their political quality, thus enhancing the party's cohesion and combat capability."

The plenum also issued a document on agricultural policy, promising to maintain the rural reforms of the past decade, which have made many peasant farmers well off, but also to strengthen the rural collective so as to maintain communal works such as irrigation.

Few takers in sale of Pakistani banks

By Farhan Bokhari in Islamabad

PAKISTAN'S plans to privatise two of the country's largest public sector banks and two development finance institutions suffered a setback at the weekend, with a lower than expected response from prospective investors.

The government's privatisation commission in Islamabad received only three offers for Habib Bank, the country's largest, and one for United Bank, the second largest.

Three offers came for the Industrial Development Bank of Pakistan (IDBP) and two for the National Development Finance Corporation (NDFC).

Mr Saeed Qadir, commission chairman, yesterday acknowledged that the results were "disappointing – I had expected a much better response," he said. The commission is to meet this week to examine the offers in detail before making a final recommendation to the government.

According to the latest available company reports, by the end of last year, Habib Bank had earned Rs731m (£17.83m) in annual pre-tax profits. The bank has 1,904 branches and a staff of more than 27,000. United Bank earned Rs266m over the same period. It has 1,668 branches and more than 23,000 on the payroll.

Despite the weekend developments, Mr Qadir said that the country's privatisation programme to sell public sector factories is proceeding well.

So far, the government has signed letters of acceptance for 24 factories, while considering offers for another 20. Mr Qadir said a total of 44 factories might be sold by the end of the year to the private sector.

Time bomb found on Air India flight

A time bomb was found in a food trolley on an Air India aircraft yesterday, minutes before it was due to take off for London and New York, the airline and police said, Reuter reports from New Delhi.

An anonymous caller to a news agency in the northern state of Kashmir, where there is a secessionist revolt against Indian rule, later claimed the Kashmiri militant group Moslem Janbaz (Crusader) Force had planted the device.

The Boeing 747, with 398 passengers and 18 crew, was evacuated after a steward found the bomb while making routine checks, an Air India official said. Police said porters who had loaded the 747 were being questioned.

In 1985, an Air India flight from Toronto to Bombay exploded and plunged into the sea off Ireland, killing all 329 people on board.

Bush not apologetic

President George Bush yesterday bluntly ruled out, as a means of improving US-Japanese relations, any apology to Japan for the US having dropped atomic bombs on Hiroshima and Nagasaki in 1945, writes Lionel Barber in Washinton.

In a taped TV interview a week before the 50th anniversery of the Japanese attack on Pearl Harbor, Mr Bush said the atomic bomb saved millions of US lives, perhaps even his own for he was a fighter pilot in World War II.

Togo calmer

Fresh fears of a coup against Togo's reformist prime minister eased yesterday when rebellious troops withdrew from overnight positions around his official residence, Reuter reports from Lomé.

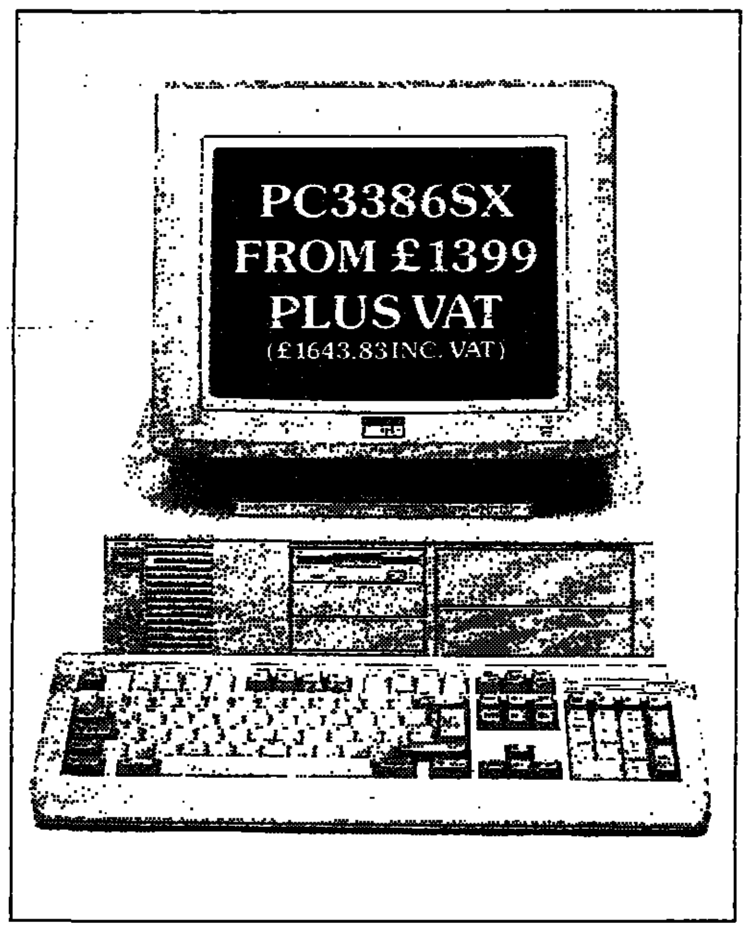
However, the army kept its grip on the national radio. Diplomats said the soldiers appeared to be waging a war of nerves against Prime Minister Joseph Kokou Koffigoh's transitional government, which took over many of military President Gnassingbe Eyadema's powers this year.

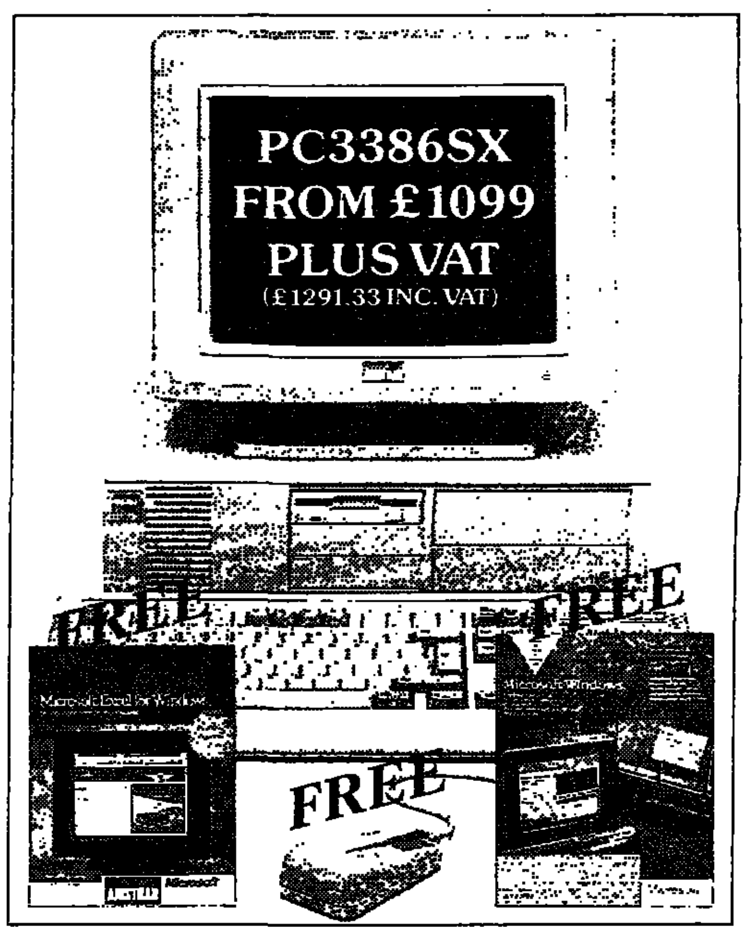
The radio continued broadcasting military demands for dissolution of the High Council of the Republic, which last week banned Gen Eyadema's former ruling party.

Kenya gathering

The leaders of President Daniel arap Moi's ruling Kenya African National Union party have been called to meet today, amid rising demands for political reform in the country, Reuter reports from Nairobi.

Mr Moi repeated this weekend that a multi-party system did not suit Kenya at present. But, hinting at a change later, he called on Kenyans to support Kanu when they have a choice of parties.





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POST OFFICE

Plan considers cuts in deliveries

By Diane Summers, Labour Staff

THE POST OFFICE is considering plans to scrap second deliveries of letters to domestic addresses. It is also examining proposals to get residents in rural areas to collect their post from US-style boxes at their gates. Post men and women could, under the plans, combine mail, newspaper and milk deliveries.

The proposals – drawn up in an attempt to meet government financial targets on unit costs – are detailed in an internal Post Office document obtained by the Financial Times. The document was written by Mr David Blake, delivery services director of Royal Mail, the letters arm of the Post Office.

In a confidential memorandum to Mr John Mackay, the acting head of postal operations, Mr Blake states that the move to single domestic deliveries is "absolutely essential but with political implications". He notes, too, that the introduction of gate boxes in rural areas would also cause political controversy.

Post Office managers were disappointed earlier this year that proposals for single deliveries were rejected in private by Mr Peter Lilley, the trade and industry secretary. Now senior executives expect there to be no movement on the issue at least until after the general election. Mr Blake's report says change is "unlikely before 1993 at the earliest".

Costings attached to the single-delivery proposals estimate annual wage savings of £80m, with further potential savings of £100m in capital costs over five years. Use of the Post Office's fleet of vehicles is currently concentrated into peak times of the day. However, with single deliveries staggered throughout the day, vehicles could be used more efficiently. There would also be potential for the disposal or alternative use of buildings.

Rural gate boxes would save £1m a year, and combining deliveries with, for example, milk or newspapers, could generate a further £1-2m annually, says the document.

Mr Blake's plan has been drawn up in response to government-imposed targets on costs. These require Royal Mail to bring unit costs down to 1 per cent below increases in the Retail Prices Index over a three-year period. Internal sources say the target is not likely to be reached this year.

The memorandum warns that "delivery is an area where we have burnt our fingers in the past in seeking to drive down unit costs, only to find this happened at the expense of quality. We must avoid this happening in the future".

The document discloses that discussions are already under way with the Union of Communications Workers, the main trade union representing postal workers, about shifting from a payment system based heavily on overtime, to one that would be geared to achieving service targets.

The Post Office said it "continually revisits options for improving service in full consultation with all our customers, and these ideas are not new."

Retailers defy law and open for business

HUNDREDS of supermarkets yesterday opened for business in England and Wales in defiance of the law and the vocal protests of some church leaders, trade unionists and politicians write John Thornhill, Chris Tighe and Paul Cheeseright.

The move represented the biggest challenge to the Sunday trading regulations since they were introduced in the 1950.

Tesco, the grocery chain which triggered the move, reported good trade at the 350 stores it opened with customers queuing outside before opening at 10am.

The Asda chain said business had been "pretty brisk" at the 105 stores it opened: "People are voting with their feet," it said.

The Safeway chain opened 210 of its 264 stores in England and Wales. The other two big chains, J. Sainsbury and Gateway, only traded from a limited number of stores yesterday but will open more in the run-up to Christmas.

Many shoppers appeared to welcome the move. Living close to a Tesco store in central Birmingham, and having worked all week, Mr Keith Freer popped out for some provisions yesterday. "I'm all for it, I've been waiting a long time for this. I think the law ought to abolished. It's outdated. In the modern day everybody does what they want."

But not everyone was as happy. The Keep Sunday Special Campaign denounced the move by the supermarkets as "a planned conspiracy against the law". It estimated that only one in eight of Britain's 430,000 shops had opened, most of them selling goods allowed under the law.

A handful of individuals staged protests against the supermarket chains by shoplifting and defying the stores to prosecute them.

The English obsession with the Sunday trading issue seems to have baffled some visitors. Emerging from a Tesco store near Newcastle with his six-year-old daughter, Mr Tatsuhiko Tokunaga, a Nissan employee, said shops were open on Sundays back home. "In Japan it's common, it's necessary, very convenient," said Mr Tokunaga. Would he continue to shop at Tesco on Sundays? "If open, I will come."

WATER INDUSTRY

Ofwat proposals face criticism by independent consultants

By Richard Evans

THE WATER INDUSTRY is today expected to deliver a critical response to wide-ranging proposals from Ofwat, the regulator which would radically overhaul the industry in England and Wales.

The response will set the scene for months of argument between the water companies, consumer groups and Ofwat about the industry's future shape.

A team of leading independent consultants yesterday delivered a highly critical verdict on the proposals.

Arthur Andersen, the international firm of accountants and management consultants, has rejected many of the proposals made by Mr Ian Byatt, Ofwat's director general, in a paper on the cost of capital which was published last July.

The water industry is the third privatised industry to face a far-reaching shake up in the past year.

Mr Byatt's paper argued that as the water industry had done much better than anticipated in the two years since privatisation it could operate in future with a higher proportion of debt and a lower rate of dividend growth.

He suggested that future dividends should be restricted to make more money available for capital spending and proposed a cut in the required rate of return on capital investment from an estimated 7 per cent to 8 per cent when the industry was floated, to 5 to 6 per cent in real terms.

Arthur Andersen says says Ofwat had attempted to assess current rates of return in the water sector by reference to long-term rates of return in general. It believes that an appropriate figure for the overall cost of capital in the water sector should range between 8 and 10 per cent rather than the 5 to 6 per cent suggested by Ofwat. According to Arthur Andersen, the Ofwat proposals are based upon a mistaken assessment of the prospects for lower borrowing costs.

Virgin confirms BR talks on providing rail service

By Kevin Done

MR Richard Branson, founder of the Virgin group of companies which includes the Virgin Atlantic airline, is interested in providing luxury train services in the UK if passenger services are opened to outside operators as part of the government's rail privatisation plans.

The Virgin Group confirmed yesterday that it had previously held talks with British Rail about operating its own facilities for Virgin Atlantic passengers on BR's Gatwick Express.

These talks had been unsuccessful, but the company was still interested in operating facilities on the planned London to Heathrow airport rail link.

British Rail said last night that the question of other companies operating passenger services on the BR network was "hypothetical" and would depend on future legislation.

Virgin said last night that it believed that long distance rail services, such as those between London and Edinburgh, could be competitive with air, if airline-style services – ranging from seat-back television to office facilities – could be offered.

Mr James Sherwood's Orient-Express Hotels, operator of the luxury Venice Simplon-Orient-Express train, announced recently that it was planning to be the first company to break British Rail's monopoly over passenger train services in the UK.

Mr Sherwood said he planned to approach BR with a proposal that the company should be allowed to run a daily tourist train in north-west England using its own carriages, its own locomotive and its own crew.

Richard Branson

Mr Sherwood also said that he aimed to become a private operator of scheduled passenger express trains over BR's tracks as soon as legislation permitted. He said that he wanted rights of access to BR's tracks, in accordance with the commitment given by Mr Malcolm Rifkind, the transport secretary, at the Conservative party conference.

At present, private-sector operators are allowed on to BR's tracks only in certain circumstances and with BR's consent.

Mr Rifkind has said that legislation to break BR's monopoly will be introduced in the next parliament.

BRITAIN IN BRIEF

AEU chief urges merger with EETPU

The AEU engineering union is in danger of becoming a "middle rank union" unless it amalgamates with the EETPU electricians, its general secretary is warning members. Mr Gavin Laird said that membership losses are running at 10 per cent a year and that without a merger the union would have no more than 300,000 paying members by the end of the century. The AEU is currently the UK's forth largest union.

Warning on National parks

The Local Government Bill which goes before the House of Lords this week could cause chaos for national parks if it is not amended, the Council for National Parks has warned. The bill makes no reference to eight national parks run as committees of county councils. The Council for National Parks fears that if those councils cease to exist, the parks could be left without proper control.

Britons are 'snap-happy'

Britons spend around £900m a year taking photographs, according to survey. Only the Germans get though more rolls of film, says the Europe-wide analysis from Euromonitor. It reveals that just under one in two adults now own a camera and 80% of the country's 22m households have one.

Decline in female judges

There are fewer senior female judges than five years ago as the judiciary remains overwhelmingly white, male, elderly and from privileged backgrounds, according to a survey from Labour Research. Only one female judge sits in the High Court, compared with three in 1986 and there is still only one black judge.

Fewer tourists at the Abbey

Visitors to one of Britain's most famous landmarks, Westminster Abbey, have dropped from 3.25m in 1989 to 3m in 1990, the English Tourist Board has said. However, three of England's other major churches, St Paul's cathedral, York Minster and Canterbury cathedral, had similar or slightly improved visitor figures last year. Overall sightseeing visits in the UK last year were 349m visits, a 4% rise on 1989.

Footballers may go on strike

The Professional Footballers' Association will today discuss possible industrial action in protest at being left out of discussions about the new Super League due to begin next season. It could lead to the first strike by 2,500 footballers.

Aids chapel opens in UK

The first chapel in the UK for praying for those affected by Aids has been opened at Southwark cathedral, London.

Police seal off Tottenham Court Road, central London after firebombs exploded early on Sunday morning (above). The provisional IRA is suspected of planting the bombs and police warned the public to be "extremely vigilant" over the Christmas period. There were no injuries, although extensive damage was done to the stores.

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The numbers of Bonds selected by drawing for the mandatory redemption of 3 billion yen are as follows:

Denomination (Yen)	Numbers
100,000	4152-4931
1,000,000	3061-3412
10,000,000	3767-4023

The numbers of Bonds shown below are to be redeemed at a price of 102% as optional redemption of 44 billion yen.

Denomination (Yen)	Numbers
100,000	1-1660, 2441-4151, 4932-13070
1,000,000	1-3060, 3413-4350, 4703-5913
10,000,000	1-1618, 1876-3766, 4024-4278

Paying Agents: With respect to definitive bonds, the principal of and interest on the Bonds is payable at any of the paying agents mentioned thereon. With respect to recorded bonds, the payment shall be made at the paying agent designated in the application for the recording on the Bonds.

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2nd December, 1991

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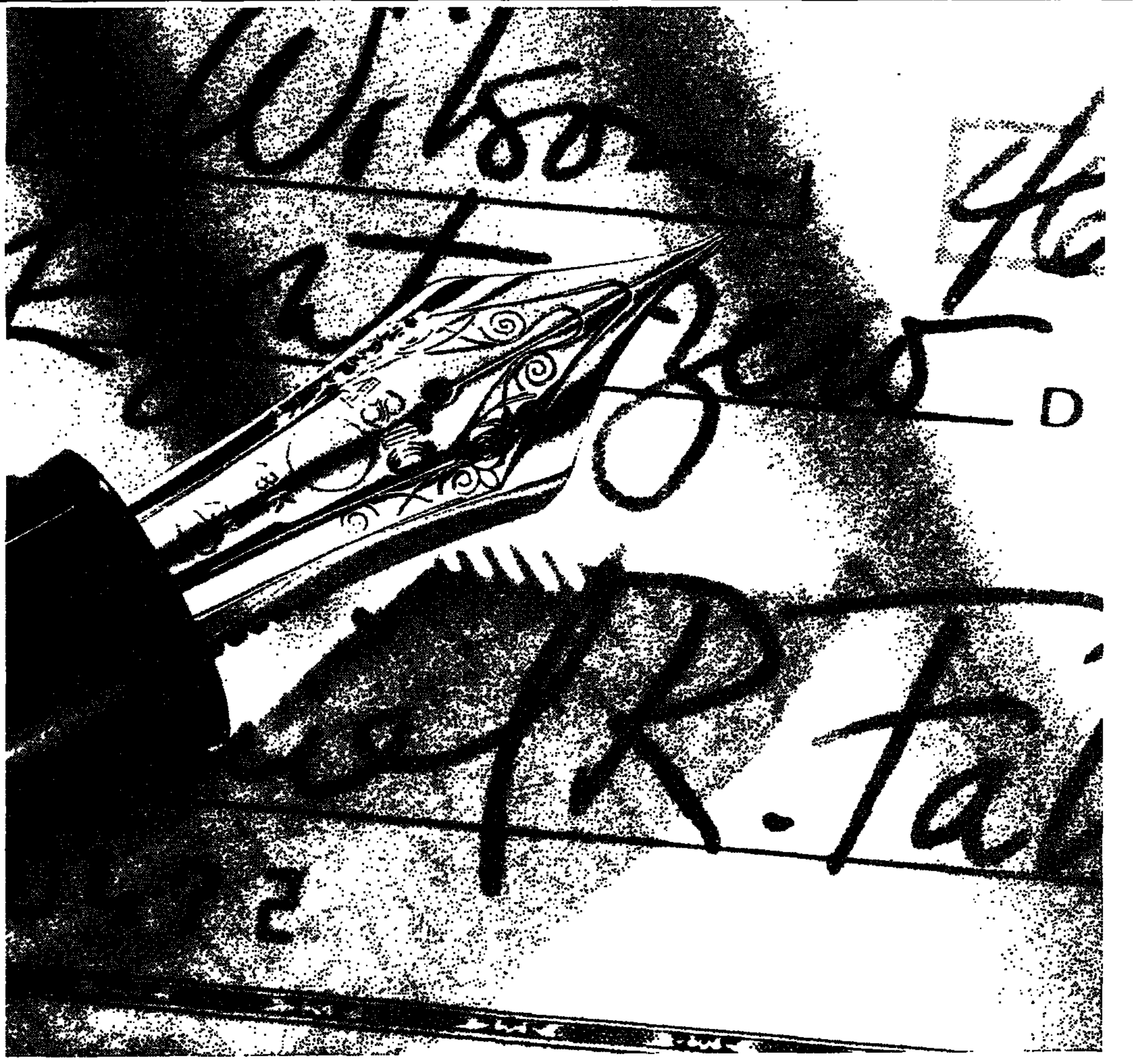

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UK NEWS

Tougher line on poll tax urged

By Alison Smith

TORY backbenchers are pressing the government to take a tougher line with councils that fail to collect the poll tax. They want to bar the councils from imposing surcharges on those who pay in order to make up the shortfall caused by non-payment.

Almost all backbench Tory MPs on the committee considering the council tax have signed an amendment to the bill intended to stop authorities including in the tax any element to compensate for non-payment.

Mr Quentin Davies, Tory MP for Stamford and Spalding, said financial disciplines should apply to councils as well as to private individuals and to businesses. "We are trying to shift the climate, to make it easier for the government to act," he said. The present arrangement was "an injustice perpetrated on honest and responsible citizens".

Twenty councils have imposed supplements on the poll tax of more than £50 a head this year. The highest is £158 imposed by Lambeth.

The MPs recognise that the government is unlikely to accept the amendment itself – due to be discussed on Tuesday – but are confident that rules forcing councils to cut their budgets instead of making a non-collection surcharge will be in place before the council tax is introduced in April 1993.

Last week, Mr Michael Heseltine, environment secretary, said he understood the indignation of some Tory MPs about the surcharges, but warned of the risk of authorities running out of funds if the surcharge for non-collection were frozen.

Ministers and council leaders are aware that the introduction of the council tax might be badly affected if the new tax has to contain an element for amounts of unpaid poll tax.

Ministers admitted on Tuesday that non-collection was the main reason why the average poll tax this year was £251 instead of the government's target of £242.

Council officials have warned that non-payment is likely to increase in the final year of the poll tax.

● The first debate on the council tax bill in the Lords is planned for January 9. The government intends that the Lords should finish with the measure on February 27.

Lamont confident on recovery's momentum

By Peter Norman, Economics Correspondent

MR NORMAN LAMONT, chancellor of the exchequer, said yesterday he had "a high degree of confidence" that the economic recovery in Britain would gather momentum.

Interviewed on London Weekend Television's Walden programme, he stuck by the government's forecast – made first in the March Budget and repeated in last month's Autumn Statement – that output in the economy would rise by 0.75 per cent in the second half of this year compared with the first half.

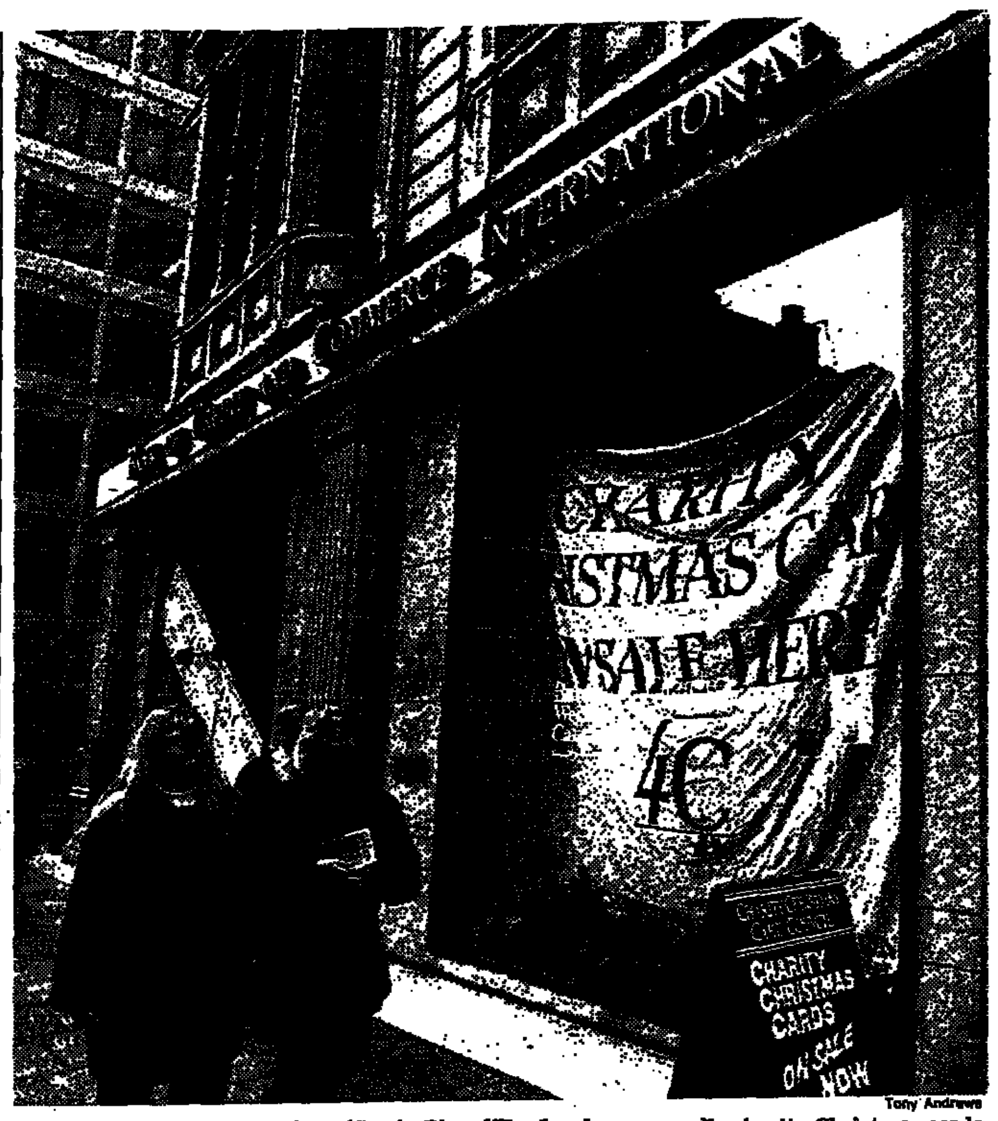
The chancellor insisted that the government's policy was to maintain the value of the pound in the exchange rate mechanism of the European Monetary System. When asked whether that might entail a rise in interest rates, Mr Lamont repeated what has become his stock answer on the issue: "That is our policy and I will do whatever is necessary to achieve that objective."

He said that developments in the domestic economy so far this year had "turned out very much" as he had expected. While the recession was over in a technical sense because of a slight return to economic growth in the third quarter, he said that in some sectors such as property, house building and the car industry "life is going to be difficult for some time yet".

On the other hand, there were slight signs of a recovery in corporate profits. The personal sector of the economy was back in surplus after individuals had been repaying debt. He said that the interest rates cuts earlier this year had yet to have their full effect.

Mr Lamont was interviewed before the latest round of negotiations among European Community finance ministers to prepare for next week's Maastricht summit on economic monetary and political union.

He adopted a cautious tone. "I hope that we will get an agreement, but it is very far from in the bag and we've got to work hard to try and get that," he said. A lot of progress had been made on monetary union. "But, having said that, you can never be very sure about these things" because they "sometimes have a habit of unravelling rather at the last minute".



Tony Andrews

Trading places: a former BCCI office in Piccadilly, London, now sells charity Christmas cards

Ruling due today on BCCI liquidation

By Richard Waters

THIS MORNING Mr Justice Hoffman will have to decide whether to put Bank of Credit and Commerce International into liquidation in a move that could realise less than 10p for every pound deposited in the collapsed institution.

The judge, sitting at his court in the Strand, might allow another six weeks, to give the bank's provisional liquidators a chance to secure a deal in which depositors could get back as much as 40p in the pound. The postponement to mid January will be backed by Mr Brian Smouha – the Touche Ross partner leading the team of provisional liquidators – and by representatives of Abu Dhabi, BCCI's largest shareholder and the source of the promised compensation scheme.

Meanwhile, the longer the liquidation of the bank is delayed, the longer small depositors in the UK will have to wait for some money back. If BCCI had been wound up in July – the date of the first High Court hearing – the Bank of England's deposit protection scheme would have been invoked.

Labour will switch focus to economy

By Philip Stephens, Political Editor

THE LABOUR party signalled a concerted campaign yesterday to push the economy to the top of the political agenda amid expectations that a deal at the Maastricht summit might boost the government's popularity.

Senior Labour strategists said that Mr Neil Kinnock, the party leader, was now convinced that Mr John Major would sign an agreement on economic and political union at the European Community summit. That might lead to a short-term burst in support for the Tories.

Against that contingency, the opposition planned to push the focus of public attention back to the recession.

Labour leaders believe the prolonged recession is the strongest card in its general-election campaign. Mr John Smith, shadow chancellor, yesterday claimed: "The truth is that the economy remains locked in a deep and damaging recession and the government has no strategy for recovery."

Mr Gordon Brown, shadow trade and industry secretary, released official figures showing a 30 per cent rise in company bankruptcy proceedings in the first 10 months of this year. The Labour attack followed an opinion poll yesterday showing its lead over the Conservatives still at 2 per cent, in spite of deep public disquiet over the economy.

The government sought to play down suggestions that a deal at Maastricht would signal a decisive break with Mrs Margaret Thatcher, the former prime minister.

Tory think tank urges reforms

By Ivo Dawnay, Political Correspondent

THE Institute of Economic Affairs, the independent think tank closely associated with the Tory party, has broken ranks with rightwing orthodoxy to join the growing clamour for wide-ranging constitutional reform.

The IEA, in a book of essays published today, argues that institutional reform is the logical next step to follow the UK's return to free-market economic policies and restraints on the role of government in business.

Mr Frank Vibert, the IEA's deputy director, argues in an introduction that constitutional and institutional change "must accompany the triumph of market economics if victory is to be sustained".

The decision to enter the reform debate will please Charter '88, the broad coalition of progressive and leftwing forces.

It is the first time one of the rightwing intellectual hothouses associated with Mrs Margaret Thatcher's government has deviated from the argument that Britain's slowly evolved political institutions still serve it well.

Britain's Constitutional Future. Ed Frank Vibert. IEA, 2 Lord North Street, London SW1. £9.95.

Waldegrave switches to world focus

By Alan Pike, Social Affairs Correspondent

MR WILLIAM WALDEGRAVE, the health secretary, will today try to draw the party-political sting from the government's health reforms by arguing that similar ideas are being introduced throughout the world.

He will identify governments as politically varied as New Zealand, Germany, France, Sweden and Israel as examples of health systems that are pursuing similar ideas to the British reforms.

Mr Waldegrave, in a speech to a Financial Times health care conference in London, is expected to express his concern at the provincialism of the present debate, which he believes is in the "snakepit of short-term political knockabout".

He will call on opposition parties to move the health debate to a discussion of deeper, long-term issues before rather than after the general election.

Mr Waldegrave has little chance of receiving a positive response from his opponents – but there would be considerable political advantage for the government if it could persuade the electorate that its reforms were part of mainstream international moves towards greater efficiency in healthcare.

Company donations to Tories unchanged

By Philip Stephens

UNITED BISCUITS, Allied Lyons and P&O emerged as the three largest corporate donors to the Conservative party, accounting for nearly 10 per cent of the funds provided by 235 companies last year.

According to the Labour Research Department, the trade union research organisation, an analysis of the accounts of 3,000 public and 2,400 private companies in the year to March 1991 showed donations to the Conservatives of nearly £3.4m, unchanged from the previous year.

That figure excludes donations from wealthy individuals in Britain and abroad and the contributions of local association members, which took the total to £10.5m.

Each of the top three corporate donors, long among the party's strongest supporters, contributed £100,000 or more, with United Biscuits giving £112,000. Among others in the leading 10 were Western United Investment (£100,000), Hanson (£80,000) and Forte (£80,000).

The recession apparently persuaded 36 companies against contributing last year. Seven companies, including Ratners and Bimec Industries, made political donations for the first time.

Labour Research, December 1991. Labour Research Department, 78 Blackfriars Road, London SE1 8HF. Free.

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Llanwern Works · British Steel, General Steels, Teesside · BRS Taskforce
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Ltd · Westminster City Council – Training and Staff Development Team · Whitbread Inns

هكذا من الأصل

UK NEWS

Lenders lobby on shake-up of mortgage law

By David Barchard

BUILDING SOCIETIES and other UK mortgage lenders are lobbying to get the government to drop recent Law Commission proposals to overhaul the law on mortgage lending.

The proposals, the first comprehensive reform of the law on mortgage lending since the 1920s, would bring in new protection for borrowers and give the courts the right to alter the conditions of a mortgage in some circumstances.

The proposals have been denounced by Mr Mark Boléat, director-general of the Council of Mortgage Lenders, as flawed and ill considered.

Mr Mike Blackburn, chief executive of Leeds Permanent, says the proposals would confuse the housing market.

Societies and mortgage companies are furious that they were not fully consulted before the Law Commission published its report. The Building Societies Association sent the commission a paper in 1986 when the changes were first mooted, but says there has been no consultation since.

Mortgage Finance Gazette, the industry trade paper, writes in its December issue: "The Law Commission has not only ignored what the BSA said then, but has disregarded the huge changes which have occurred in the market in the last five years."

The paper says some lenders are accusing the government of picking this time to publish the proposals because it is politically convenient.

It writes: "The best protection for borrowers is a competitive market, not the opinion of the courts."

Lenders are particularly concerned by a proposal that they should not be allowed to charge interest on a loan 12 weeks after repossessing a house. They argue that lenders will have to risk a possible loss by selling properties as soon as they are repossessed.

As a result, they warn, loans will have to be kept to a relatively low proportion of a property's value and first-time buyers, who need to borrow a high proportion of the value of a house, may get squeezed out of the market.

Revenue from tourist attractions up 14%

By David Churchill, Leisure Industries Correspondent

BRITAIN'S leading tourist attractions last year generated more than £800m, a 14 per cent increase on 1989 revenues, according to the English Tourist Board.

In a report published today, the ETB says sightseeing visits in the UK last year reached a record high of 349m.

A number of the country's top sites, however, reported a fall in visitors. "Several major attractions, including Westminster Abbey, reported that the economic recession had affected their visitor figures for the second half of 1990," says the report, Sightseeing in the UK 1990.

"There were also several references to the adverse effects of the community charge, high interest rates and petrol price inflation."

The top three tourist attractions in 1990 that charged admissions were Madame Tussaud's, in London, the Tower of London, and Alton Towers, in Staffordshire. Alton Towers and Madame Tussaud's are owned by Pearson, publisher of the Financial Times.

Tony Andrews

Warm welcome: Pierre Faucher from Quebec prepares pancakes with maple syrup for Royal Canadian Mounted Police officers Greg Peters and Danielle Poirier at London's recent World Travel Market held at Kensington Olympia

In the run-up to Christmas, meanwhile, record numbers of Britons are due to escape the winter with tour operators and travel agents reporting strong demand for travel packages to warm destinations.

The strength of demand has come as a surprise, given sluggish bookings for summer package holidays. The level of demand for holidays is running at about the same level as this time last year, when demand was slow due to the deepening Gulf crisis and the worsening recession.

Mr Andy Wilson, marketing director for Thomas Cook, said: "People who haven't booked by now will be very lucky to get away over the Christmas period to some of the more popular destinations."

Thomas Cook expects to sell about 250,000 package holidays over the Christmas period, against 160,000 last year.

Tenerife is among the most popular destinations, according to tour operators, with the Caribbean also heavily in demand.

British Airways said it had been forced to put on extra flights to Miami to meet the demand for Christmas Caribbean holidays.

Domestic travel is also expected to be busy over Christmas, with most passengers starting their trips the weekend before Christmas. BA is putting a Boeing 747 aircraft on its London-to-Belfast route because of the demand. British hoteliers report that demand for rooms is still slow, but they expect it to pick up nearer Christmas.

Electricity pension scheme shared out

By Norma Cohen
Investments Correspondent

THE Electricity Association, formerly the governing body for the electricity supply industry, has devised a novel scheme to distribute its £10bn pension scheme among the 16 newly privatised companies.

ESN Pension Management Group, which today takes over the pension business of the electricity companies, plans to offer "units" to the companies, as though each were investing in a unit trust. The units will be in the eight investment sectors of the current pension fund: UK, European, North American, and Pacific Basin equities, index-linked stock, properties, bonds and cash.

Each company will be able to use cashflow from existing investments to allocate assets as they choose. ESN will remain the investment manager.

The 16 electricity companies must remain part of the central fund for a four-year period beginning in May 1992. However, from that date, when the new system takes effect, they will be allowed to appoint an outside investment manager to advise them on asset allocation. Eight of the companies so far have selected ESN as their outside adviser.

Mr Michael Cannan, chief executive of ESN, said he believed the model would prove useful for other corporations, particularly multinationals with subsidiaries in various countries or conglomerates with separate pension schemes for each subsidiary.

The unitisation approach will allow asset allocation to reflect more closely the liability structure of the subsidiaries. It will also reduce administration costs by allowing investment management to be carried out centrally.

Mr Cannan said the newly-privatised water companies were looking at a similar scheme.

ESN would like to manage funds for other companies and so far two have expressed serious interest in becoming clients. ESN has also set up a separate company to sell pension consultancy and administration services.

Forecast of savings from carbon tax

By Juliet Sychrava

INCOME TAX could fall 3p by the year 2000 if the government adopts EC proposals to introduce a carbon tax in 1993, according to a report today by Cambridge Econometrics.

Even so, the tax alone would not be high enough to achieve the government's target of stabilising carbon dioxide emissions by 2005, the independent forecasting company says.

Revenues from the tax would strongly affect the economy, totalling as much as £8.93bn a year by 2000.

The European Commission's Carbon/Energy Tax and the UK Economy. Cambridge Econometrics, 21 St Andrew's Street, Cambridge CB2 3AX. By subscription, or £1,750.

Campaign planned to cut smoking in public

By Neil Buckley

THE DEPARTMENT of the Environment yesterday confirmed that it is to launch a controversial initiative to discourage smoking in public places.

The aim of the campaign, to be launched within the next few weeks, is to make non-smoking the norm in all public places, with special areas set aside for smokers.

Shops, restaurants, pubs, hotels, rail and bus stations, airports, hospitals and other public places will be issued with a code of practice calling for a general no-smoking rule, with signs displayed and areas set aside for smokers.

The campaign will be announced by Mr David Trippier, the environment minister. The department said it did not seek to remove the public's basic right to smoke and was stopping short of a complete ban on smoking in public places.

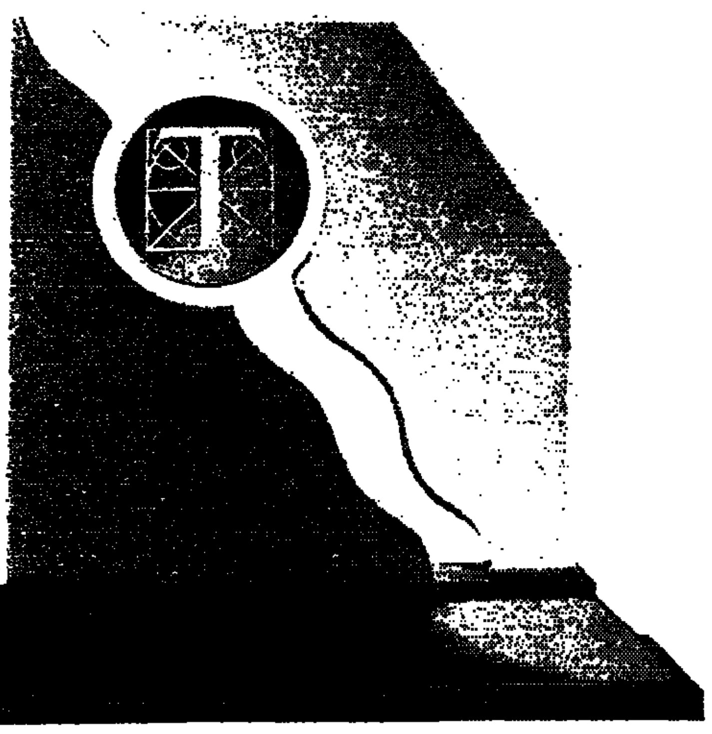
The code of practice will have no legal force and will not extend to workplaces.

The initiative is seen as one of the most important since the introduction of compulsory warnings on cigarette packets.

The measure is bound to meet opposition from the tobacco industry, which has suffered a series of blows recently. In October, all television advertising of tobacco was ended. Last week, the Health Education Authority called for all cigarette advertising to be banned and the price of cigarettes to be increased by almost half to £3 a packet.

Action on Smoking and Health, the anti-smoking campaign, said the initiative did not go far enough. It would continue to press for smoking to be banned in workplaces.

THESE EIGHTY TWO BUSINESSES WEREN'T THE ONLY WINNERS IN THE NATIONAL TRAINING AWARDS.



This year, eighty two businesses attended an awards ceremony in London in the presence of the National Training Awards patron, HRH Prince of Wales. They all walked away with a National Training Award.

There was a record number of entrants for this year's competition. Businesses that are training, businesses whose employees are becoming more skilled, therefore, helping to make our country more competitive. Of course, we all benefit from that.

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The winners will also be able to use the NTA logo. For instance, carrying the logo on recruitment advertisements can help improve the quality of applicants.

Existing staff too will be motivated by the win as the companies raise their status with competitors (and no doubt a few eyebrows).

For more information on this year's winners or on how to enter in 1992 telephone 0800 444 222 and ask for the National Training Awards.

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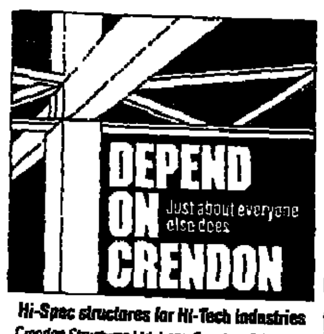

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Improving traffic flow

COSTAIN BUILDING & CIVIL ENGINEERING has been awarded the £3.1m contract to construct the first of four contracts for the construction of the Dearne Towns link road by Barnsley Metropolitan Borough Council.

The development, connecting the A633 and A635 at Darfield, comprises four kilometres of single carriageway construction, largely on embankment, three major roundabouts, two culverts and a new bridge over the River Dearne.

The contract also includes reinforcing the banks of the River Dearne adjacent to the new bridge, settlement monitoring of the embankment beside the bridge prior to road construction, and the injection of 3,000 tones of grout into an old mine working on one section of the works.

Polish venture

POLARSTONE, the marble and granite group, has won a cladding contract in Poland worth more than £1m.

It covers the full design, supply and installation of the cladding on a new office and shopping complex in Warsaw, being developed by Swedcentre Developments. Some 3,800 sq metres of granite cladding will be installed on a strong back steel subframe system.

The contract was won by Polarstone's Swedish sister company, AB Helsingborgs Stenhuggerifabrik and Polarstone (UK).

Upgrading London hospital

LAING SOUTHERN has won a third contract under King's 2000, King's College Hospital's extensive modernisation programme.

Work has already begun on site on a £8.5m operating theatres building within the hospital complex at Denmark Hill in south London.

Some demolition work will be carried out to make way for the three-storey building. When completed in August 1993 it will provide operating theatres, a recovery ward, an intensive care unit, a hospital sterilisation department and staff changing and rest rooms.

Link corridors on three levels will connect the new building to the hospital.

The contract was awarded as part of King's 2000 development programme which aims to completely update the hospital's facilities.

New student flats in Hull and a multi-storey car park for Rotherham are on the cards following the award of £5.5m worth of contracts to Laing Yorkshire.

Hull University has selected the company to build accommodation for 288 students.

The £3.6m contract, due for completion next September, involves constructing 12 three-storey modules, each containing 24 rooms and three common areas, on land in Salmon Grove.

In Rotherham Laing Yorkshire has been selected by the Borough Council to build a £1.9m multi-storey car park in the centre of the town. The 10-level structure will comprise a steel frame with concrete raft and clad in traditional brick.

Shopping complex scheme in Aldershot

The United Bank of Kuwait has awarded TARMAC MANAGEMENT a £6.45m contract to finish a trouble-hit shopping complex development in the heart of Aldershot, the home of the Army.

Work on the £20m Wellington Shopping Centre stopped when a consortium of banks financing the development called in the receiver over soaring costs.

The shopping centre, designed to cater for the hundreds of Army personnel and other families that live in the military town, has stood deserted with its half completed stores and shops for more than 17 months.

The United Bank of Kuwait, a member of the original consortium of banks, has now undertaken to see the shopping centre finished and has given Tarmac Management, a subsidiary of Tarmac Construction, the task of completing the job.

Most of the 33 stores and retail units in the centre are only partly built, the roof and walls of the centre itself are unfinished and work to the shopping malls and glazed atrium had only just begun when the project was halted. The project is expected to be completed for Christmas 1992.

Major housing project in St Lucia

KIER CARIBBEAN, part of Kier International, has started work on two contracts in the Caribbean valued in excess of £7m.

The first, valued at £4.3m, is to design and build 108 housing units in St Lucia for the Government of St Lucia. The project includes the construction of shops, infrastructure and additional external works. Work is already under way with completion scheduled for May 1993.

The second contract, valued at £3m, is for the creation of facilities at the Ramada beach resort in Ocho Rios.

These will include a 17,000 sq ft exhibition hall, dining rooms, bars and shops. The centrepiece of the facilities, which will be shared by two hotels at the resort, is a fantasy pool incorporating waterfalls, rock pools and exotic plants. Work is due for completion in October 1992.

Kier International is part of the CHB Group.

Mixed batch for Conder Structures

CONDER STRUCTURES, the superstructures division of Conder Group, has been awarded contracts to the value of £9.5m.

Contract awards include the £1.6m superstructure for a 740 space multi-storey car park for Surrey County Council; a multi-span Kwiksave distribution warehouse in Newport for Tarmac South West (£500,000); the total superstructure package including curtain walling for Equity & Law Investment Managers' distribution/manufacturing unit with two-storey offices in Middlesex for Wiltshier Reading (£675,000); and design, supply and erection of steelwork for a 5,526 sq metre manufacturing plant/warehouse in Staffordshire for GCW Architects (£380,000).

Conder Structures Overseas has won a £2.5m contract in joint venture with H.S.G. of Istanbul to design, supply and equip an acrylic bath tub factory at Staryy Oskol, Russia.

Royal Mail sorting office

HIGGS AND HILL WESTERN has started work on a £5.6m contract for Royal Mail Property Holdings West to construct a mechanised letter sorting office and associated buildings at Dorcan Industrial Estate in Swindon.

The new letter sorting office, which will complement the extensive Post Office development on adjacent land, will be to the latest Royal Mail design. It will have a steel frame with metal roof and cladding and extend over an area of some 8,500 sq metres. In situ and pre-cast mezzanine floors will be included, together with comprehensive mechanical and electrical services.

In addition to the main office a two-storey welfare and administration building of 1,500 sq metres and a motor transport workshop of 800 sq metres will be constructed using similar materials. External works involve extensive loading and operating areas which, together with car parking, will cover some 19,000 sq metres.

Research facility

TEAM SERVICES has been awarded a £3.5m management contract by Schlumberger Cambridge Research to build an extension to its research building at Cambridge.

The 24,000 sq ft extension consists of two pavilions, one on either side of the entrance to the site and will house office, laboratory, computer and conference facilities.

It contains some unusual architectural features including a deeply moulded and patterned coffer surface to the ground floor ceilings of the pavilions.

The original building, with its fabric and steel roof resembling a circus "Big Top" won the Financial Times Award for Architecture in 1985.

APPOINTMENTS

Tennants in common

Mark Tennant, previously chairman of Edinburgh-based Bell Laurie White, is setting up a Scottish office for Chase Manhattan's global custody operation.

Bell Laurie White is the private client subsidiary of Hill Samuel, which in turn was purchased by the Trustee Savings Bank in 1987. Tennant's departure follows "one of TSB's many reorganisations as a consequence of which my job had in a sense come to an end".

Chase is the world's largest global custodian in terms of the assets it administers, but has hitherto not been represented in Scotland to service the big life companies located there. "There is a view among the big Scottish institutions that you need a presence; coming up once a month on the shuttle is not enough." Chase's competition – which includes Citibank as well as the Royal Bank of Scotland – is already on the doorstep.

Tennant says Chase had been planning to open an office for some while, but had been unable to find the right person. "You need a special reason to be in Scotland. This is not exactly a career move," he explains.

His special reason for accepting the roughly three-day-a-week commitment is his intention to stand for parliament. He has been selected as the Conservative party candidate for Dunfermline East – though unseating Gordon Brown, shadow spokesman for trade and industry, will take more than a few prawn cocktail offensives. "If I win I shall demand a recount."

He is a second cousin of Anthony Tennant, the chairman of Guinness, though he admits he does not know his cousin's son's wife.

That is Sally Tennant, a high-flyer at the sharp end of the fund management business. She has moved from Morgan Grenfell to head the European equity operation at Gartmore.

Purchased by Banque Indosuez in the spring of last year, Gartmore currently manages around £700m in European equities. Among other things, she will presumably be looking forward to getting a crack at the German market – more or less a "no-go" area for Morgan Grenfell's asset management operation since it was bought by Deutsche Bank three years ago.

A Gartmore colleague observes that there are "more senior lady" investment managers specialising in Europe than in other areas. "Ten years ago, continental Europe wasn't taken very seriously. It was the place to put the bright girl."

Property moves

■ GROSVENOR ESTATE HOLDINGS is appointing Ian Cockburn md of its investment division; he moves from the Carroll group.

■ JOHN MAUNDERS is appointed to the board Ronald Pinder, building director of Maunders Homes (North West).

■ Alan White has joined BT as head of property management with BT Group Property.

■ John Flexen has been appointed group property director of BOOKER.

■ JOHN LELLIOTT GROUP announces that James Shackleton, formerly marketing director of Higgs and Hill Construction, has been appointed business development and marketing director of the Stone group.

■ HALL & TAWSE, part of Raine Industries, announces that Sandy Martin has retired; he is succeeded by Bob Fullerton, who returned to the company recently after a three year gap and has been appointed commercial director.

■ Steve Waite has been appointed joint md with Peter Eyles of MANSELL's reorganised London office.

■ KUMAGAI GUMI has appointed Yoshio Matsumoto is appointed the London-based chairman and md of Kumagai Gumi UK; he moves from the post of project director and general manager of the Hong Kong office.

Linguist promoted to FDS board

Janet Weitz, who began building her company, FDS Market Research, 19 years ago just after the birth of her first child, is furthering other women's prospects with the appointment of Michele Silber to the board of FDS.

Silber, 36 and fluent in French and German as well as conversant with Dutch, Greek and Italian, will take on the new role of equal opportunities director in addition to being in charge of international research.

FDS is aiming for a turnover of £4m this year; its principal client is British Telecom, for which it conducts customer satisfaction surveys. The six-member board of FDS which, in its early days employed only women, is now evenly split between men and women – excluding Ivor Crewe of Essex University who has a non-executive role.

Weitz concedes that conditions have improved enormously since she started the business – clients then habitually insisted on being referred to her boss. But one of her surveys also shows that, even in an area like market research where so many women are employed, men are still twice as likely to reach a board position and are paid half as much again as their female counterparts.

"When I ask male colleagues why they do not have women on their board they reply that there is no one good enough. But you have to train people to be directors," says Weitz, who will be sending Silber on an IoD course on directors' responsibilities.

A participating company in the Opportunity 2000 initiative, FDS also says it is commited to breaking down discrimination against race and handicap.

Overseer for Field of the Cloth of Gold

EUROTUNNEL, the Channel Tunnel operator, has named Georges Saury, previously infrastructure manager of the Savoie region in France, to oversee all the developments surrounding the terminal on the French side of the water. He replaces Etienne Schwarzer, who has been in the position for the past two years.

Topography determines that the British have little space to work with behind Folkestone – barring a modest information centre – whereas an area totalling 700 hectares at Calais is to be taken up with the terminal and other developments.

The entire complex, dubbed the Field of the Cloth of Gold – an historical reference to the extravagantly-staged meeting nearby between Henry VIII and the French king Francois in 1520 – is intended to breathe life into the run-down industrial hinterland of northern France. Nothing has been built yet, although planning has begun for the so-called City of Europe, which will encompass a range of leisure, cultural and commercial activities for the broader public as well as Tunnel travellers. The business centre, with facilities including an exhibition hall, a European "open university" and international business and language training institutes, is planned to follow later.

Saury, who is 49, has recently been responsible for a vast road infrastructure programme in preparation for the Winter Olympics at Albertville in France next February. Eurotunnel says his task will be to preserve "consistency, environmentally and aesthetically" throughout the developments.

■ Jan-Arne Farstad has been appointed general manager of ABSA Bank in London; he was moves from chief executive of Royal Trust Bank in London.

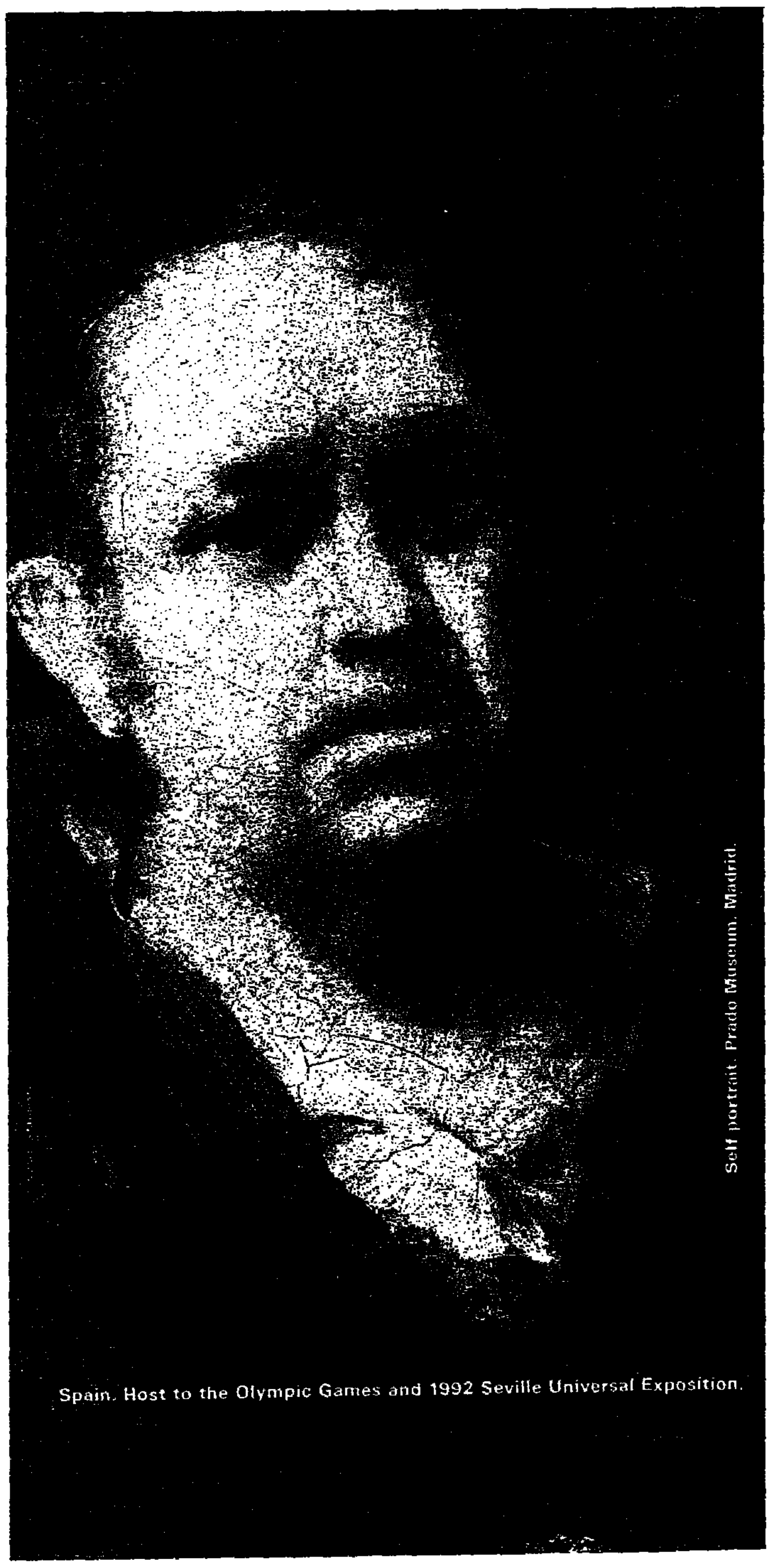
■ The ROYAL BANK OF SCOTLAND announces that David Bell, senior vice-president and manager of the bank's Wall Street office, New York, has been elected to the board of Citizens Savings Bank.

■ NATIONAL WESTMINSTER announces that Reto Domeniconi will become chairman of Coutts & Co in Switzerland on the retirement of Ernst Schaad in April.

■ Timothy Lex has been promoted to md of the UK subsidiary of The Riggs National Bank; he succeeds Robert Woodbridge, who remains a non-executive.

■ ALLIED TRUST BANK has appointed Allan James a director.

■ Anthony Buckwell has moved from Kleinwort Benson to become a director of CAPITAL TRUST LTD.



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EXPO'92

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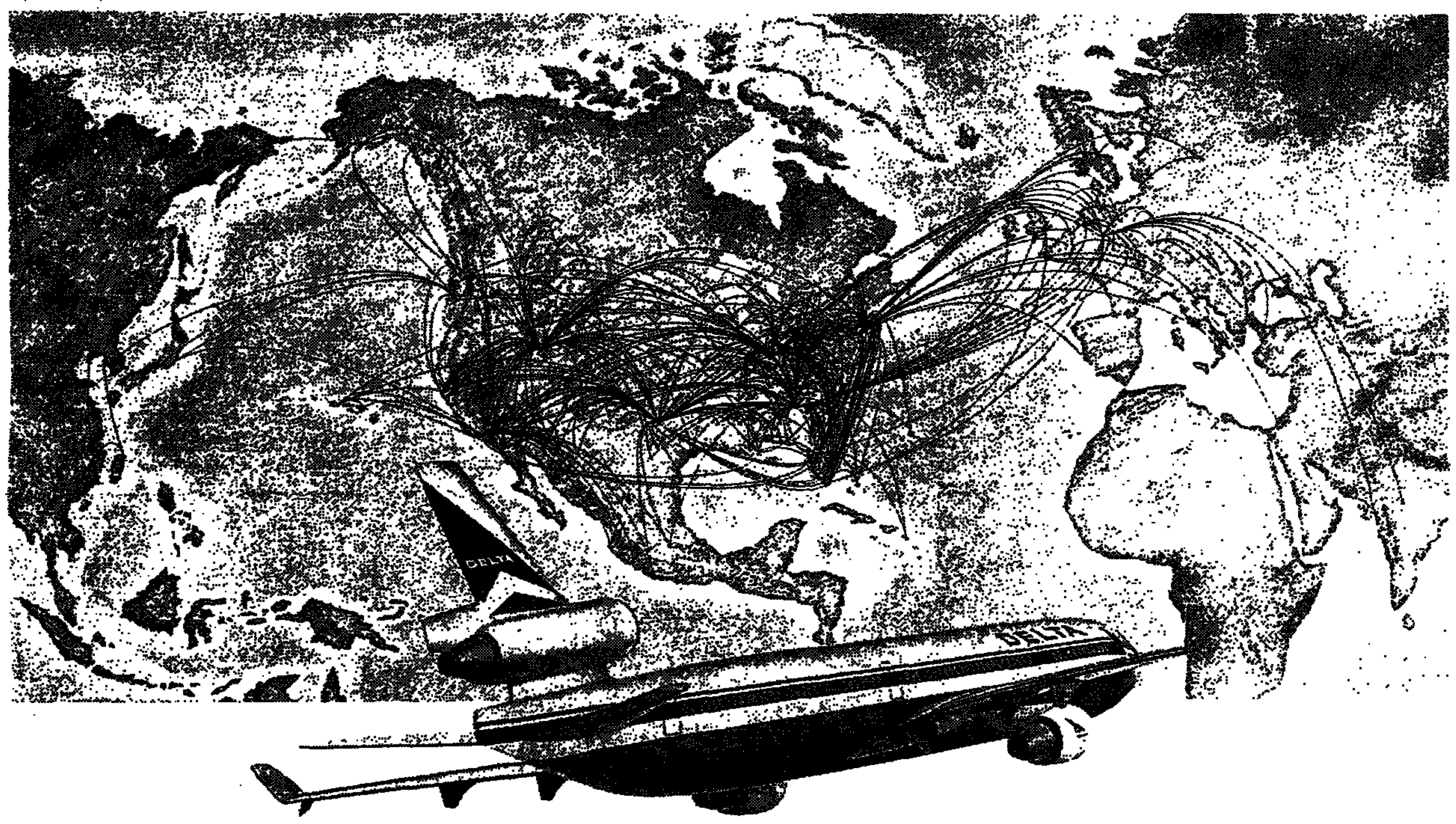

From left, Delta Flight Attendant Bonita Caringola, First Officer Timothy Therrell, Captain Larry Bacon and Flight Attendant Stephanie Allen.

Now that Delta Air Lines has begun greatly expanded operations across Europe, the Middle East and Asia, the world has become smaller, and the atmosphere warmer.

With new transatlantic nonstops and a European hub in Frankfurt, Delta now flies from Austria, Belgium, Czechoslovakia, Denmark, England, Finland, France, Germany, Greece, Hungary, India, Ireland, Israel, Italy, the Netherlands, Norway, Poland, Portugal, Romania, the Soviet Union, Sweden, Switzerland and Turkey.

Wherever we fly, Delta is dedicated to bringing travellers the best service in the sky. Service that's more convenient, and gives you more travel choices. Tendered with the special warmth and professionalism the people of Delta are known for.

First across the U.S.A., first around the world.

With Delta, you enjoy the convenience of flying to any of over 240 U.S. destinations with one ticket, on one airline system.

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A few other firsts.

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MANAGEMENT

Air travel

The flight to quality

Paul Betts contrasts the cultures of Delta and British Airways

British Airways staff are devoted to their company, but feel the *self-styled* "world's favourite airline" does not care about them as much as it should.

This is one of the main conclusions of a survey of BA's 48,000 employees. It is the first part of a campaign to restore morale and improve efficiency and customer service.

With the slogan "winning *for customers*", the campaign will be launched next March and will involve all staff attending seminars at the Heathrow headquarters. There will be a separate programme for managers called "managing winners" to help them address the needs of the staff and improve management techniques and skills.

The initiative is modelled on a similar campaign launched in 1983 called "putting people first". That campaign helped transform the airline from one with such dismal service that it was nicknamed "bloody awful", to one of the world's most profitable carriers by the end of the 1980s.

BA now feels the time had come for some self analysis and for a campaign to remotivate its staff.

Launching an internal survey in the middle of a recession – 4,500 people left the *company last year* – when staff morale is low is a bold initiative. But John Watson, BA's head of human resources, said that if the airline was to *provide a service to customers* which differentiated it from the competition, it was important to know what the staff thought of the company, how managers felt they could become better managers, and to hear their ideas for improving the company's performance. "This was not just an attitude survey but what we call an input survey with the *staff telling* us what they think we should be doing," he explained.

The response was encouraging with 47 per cent of BA's 48,000-strong workforce replying to the questionnaire. The *results showed that BA's staff* are loyal to their company but they wish it treated them better. They also feel the company does not give them sufficient *recognition*.

Watson believed the feeling that BA was not as caring an employer as it should be reflected the difficulties of the past 18 months. The staff is also worried that more jobs *will be lost in the future*, although Watson emphasised *there were at present no such* plans. "If the survey had been done a year ago, it might have produced different results."

BA will now discuss with its *staff the results of the survey* and its significance for the future of the company. "The courses will be designed around what people are telling us and their suggestions on what they think we are good *at and not so good at. If you* want continuous improvement you can't be defensive and you can't defend the status quo," Watson argued.

The company intends to continue to cut costs steadily to *avoid massive programmes in* the future. "Cost reduction is not dieting, it is eating healthily," Watson said, echoing another popular slogan inside BA's executive suites.

British Airways stewardesses: wanting to feel loved

Delta Air Lines, appointed by Disney as its "official" carrier, has emulated the same squeaky clean corporate *image as America's* favourite family theme park.

Its headquarters at one end of Atlanta's *expanding* Hartsfield International airport conveys the atmosphere of a busy university campus. One large building, completed only three years ago, is devoted to training new employees and putting old ones through refresher courses.

It is an unusually cheerful place considering the airline industry is still trying to recover from its worst slump *in 40 years. Rookie* air hostesses chatter in the corridors as they disappear into classrooms or go upstairs to their bedrooms. There is even a beauty salon where they are taught to put on their make-up and do their hair to complement the airline's understated but clean-cut American look.

Like all good schools, it is both caring and strict on discipline. Beards are banned at Delta and so is alcohol at lunchtime. Uniforms must be immaculate. Although the airline has a tradition of shunning the American way of laying off workers at the first sign *of trouble – it has made no* one redundant since 1956 – it once fired an air hostess for taking her clothes off for Playboy magazine.

Delta commands perhaps more corporate loyalty among *its 75,000 employees than any* other US concern. Its paternalistic style of management is a blend of its own Deep South American roots, with its old conservative values, and of the Japanese corporate ethos in *which, without unions, jobs* are guaranteed, pay levels are above average and workers, in return, are expected to put the company first.

The *airline believes its* special relationship with its staff makes it different from other airlines and is behind its steady development from a small, crop-dusting outfit to the third largest US carrier. But with its current *acquisition* of Pan Am assets, many in the industry feel it has abandoned its traditionally cautious management approach in the *pursuit of becoming a global* player.

Harold Achtziger, the laid back head of Delta's international operations, claims, however, that the Pan Am deal "is no great change in the way *Delta does business*". In the mid-1980s, the airline decided it wanted to expand in the western part of the country and merged with Western Airlines, Achtziger's former company. It then turned its attention to *international expansion*. "Delta has always been aware of the need to expand into Europe. An opportunity like Pan Am comes once in a lifetime and when the opportunity is there, we go for it," he drawled.

Through Pan Am, *Delta* has acquired a new European hub at Frankfurt as well as Pan Am's former terminal building at New York's JFK airport. International expansion has also involved acquiring 5 per cent *cross shareholding stakes* in Singapore Airlines and Swissair, two carriers with which Delta's management feels it has cultural affinities. *Despite the slump in the air* transport industry, it is still planning to open a new Asian hub in Taipei next June.

But the immediate challenge is to absorb successfully the new Pan Am assets and more than 7,000 former Pan Am employees. "It is a big chore *because you have to* retrain all the Pan Am people to Delta procedures. But we are doing pretty well," Achtziger said.

Adapting a technique it used *during the Western merger*, Delta has set up what it calls "buddy teams". These are groups of Delta and Pan Am employees whose task is to familiarise the former Pan Am staff with the Delta philosophy. Pan Am employees, from all over the world, have been visit*ing Delta headquarters. Many* have already been placed in key positions.

"Pan Am got a bad wrap because of its problems. But their people are *still* proud *of* their airline," said Achtziger. "We watched with some of them the last Pan Am flight leaving Frankfurt in November. They were *very sad. Some* were crying. But they were pleased to have been bought by Delta rather than by someone else."

The fact that the *former* Pan Am employees will see their pay increase by around 20 per *cent during* the next three years to bring it to Delta levels is clearly helping them make the adjustment.

The Delta management philosophy underscores *the theory* that offering job security to employees creates loyalty to *the company*, *confidence* in its management and reduces staff resistance to change.

In turn, good employee relations enhances productivity *and profits*, and in the case of airlines, leads to better customer service and satisfaction.

It is no coincidence that Delta has for the 17th consecu*tive year led all the other big* US airlines with the lowest rate of customer complaints to the US Department of Transport.

Robert Allen, Delta's chairman, says at the risk of sounding corny that *what makes* Delta unique in the airline business is its personnel. "We are not an anti-union airline, we are pro-people," he explained at the November launch of Delta's new Frank*furt hub*. "*We believe in* treating people fairly. That's why we command such loyalty. We also maintain an open door policy for our staff."

Allen started as a part-time analyst at Delta. David Garrett, the previous chairman, began as a reservation clerk. Whitley *Hawkins*, the company's chief operating officer, started working on the gates at Atlanta airport.

Delta could not have chosen a more difficult time to absorb its new Pan Am assets. But unlike its US competitors, it has decided to persevere with its expansion plans despite the continuing recession in the airline business.

"We stick to our long term plans. This may make us seem conservative when times are *good in the industry* and aggressive when they are bad," said Thomas Roeck, the airline's chief financial officer and a former Western Airlines man.

Allen is convinced Delta can be successful with Pan Am. "We have the domestic US network Pan Am lacked to feed the international operations; we are financially strong; and our *customer service is good*." Service, he added, "must be the bottom line" for an airline and that, ultimately, hinged on the attitude of the staff.

Japanese ideal is not working

By Michiyo Nakamoto

While Japan's civil ser*vants* rack their brains for ways to encourage the population to work less and play more, last week's Japanese Supreme Court *ruling that companies* can force employees to work overtime seems somewhat unnecessary.

Anyone familiar with the Japanese work ethic, who has seen how Japanese groups of staff work, will know that the *ruling* is hardly called for. From the production line of a motor factory *to the dealing* room of a city firm, the group-oriented structure of Japanese businesses and the social pressures that this entails, ensure *that the hours are long and* that no-one goes home before the boss. Part of the explanation for this workaholism is cultural, although not in the sense that the Japanese are innately more hard working *than other nationalities*.

Many Japanese who have worked in the US express amazement at the long hours and otherwise demanding working habits of the American white collar elite.

There is no doubt that from an early age, Japanese children are taught the virtues of hard work – school teachers often give *as much credit* to the *amount of effort* a child puts into his work as to his actual achievement.

This attitude runs straight through to the workplace – so that belonging to the college baseball team or tennis club can *often help a student applying* for a job. The idea is that anyone who has the ability to endure the rigour of student sports teams should be able to *work hard and well in any* organisation.

There is a theory that the Japanese work ethic stems from their agricultural tradition. Growing rice *is a very* labour intensive activity that depends on patient and constant hard work.

But while hard work is certainly valued as a virtue in itself, it is not the only reason *why Japanese work such long* hours. Being a consensus-oriented people, the Japanese spend a good deal of time on intra-group communications, which can be infuriating to Westerners.

In the UK, decisions tend to be made by individual group leaders. It is their job to convince everybody of the merits *of the decision. In Japan few* decisions can be made without consulting a wide range of interested groups; anyone who might be affected in any way, needs at *least to be* forewarned, if not asked to voice an opinion.

A British *manager's ability* is judged by whether he can deliver the goods, often with little regard to the means. A Japanese manager's ability is judged just as much by whether he can get the job *done without disrupting* corporate harmony. And trying to maintain harmony in any organisation takes time.

Another reason for the long hours put in by Japanese workers is historical; the generation *that now heads* Japanese corporations experienced the country's devastation at the end of the Second World War. Hard work was the only way to scramble out of the ruins.

That work ethic, which is *enforced more by social* pressures than by union agreements or legal strictures, shows every *sign of* creeping into those Japanese companies which have been transplanted in Britain.

In the short-term, however, the Japanese desire to be seen as good European corporate citizens, and their distaste for legal action, is likely to keep them from getting carried away in their demands on their non-Japanese workforce.

Meanwhile, dramatic changes in attitudes towards *work are already evident*. The virtues of hard work are not as apparent to the younger generation of Japanese who have come to take the luxuries of a *creditor nation for granted*.

There are increasingly worried mumblings that Japan will lose its competitive edge if most Japanese continue to put their individual priorities ahead of those of the company. *But with the labour shortage* and the growing internationalisation of Japanese companies, there seems little that can be done to stop the tide.

Entering New Germany

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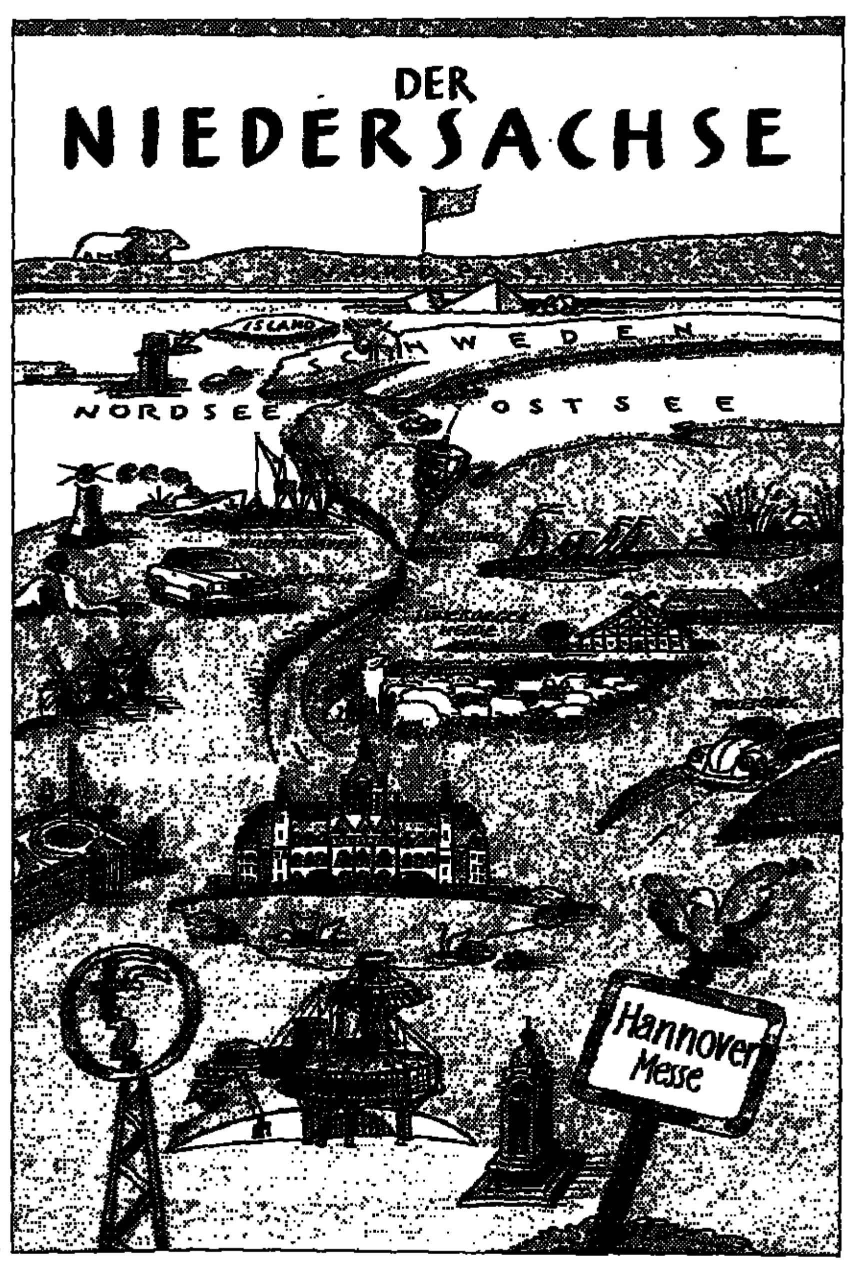

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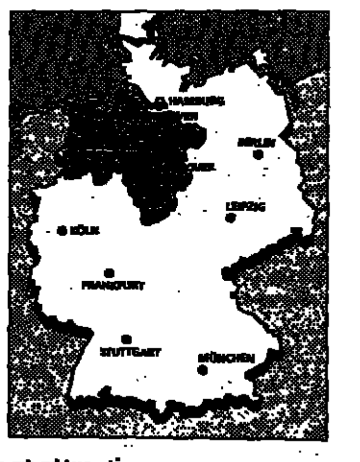

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Niedersachsen
Country with perspectives

هكذا من الأصل

ARCHITECTURE

Potent charm of a folly garden

Some people have been eaten by dogs there. Colette and André Breton had picnics there. Thomas Jefferson had a rare moment of passionate excitement there. Today it is hard to avoid the sense of enchantment that still lingers there. It is a hard man who can fail to be moved by the strange wonder of the place – that curious and beautiful 18th-century folly garden near Paris known as Le Désert de Retz.

There is a rare chance to get some idea of the potent charm of the place at a modest but moving exhibition that has arrived at the RIBA Heinz Gallery, (21 Portman Square, London W1, until December 19.) The exhibition was first organised in San Francisco and draws upon various collections of material concerned with the history of this site, including some evocative recent photographs taken by Michael Kenna.

French "picturesque" or "anglo-chinois" 18th century gardens are not as well known or documented as their English counterparts. Their survival rate in France has been poor – you do not go to France to see complete glories like Stowe and Rousham. The Désert de Retz survives thanks to the efforts of the architect and historian Olivier Choppin de Janvry, and the gradual restoration of the follies and the landscape is proceeding due to the efforts of the Société des Amis du Désert de Retz.

The Désert is not far from Paris, on the outskirts of the village of Chambourcy, between St. Germain-en-Laye and Marly. It is the creation of an extraordinary courtier and dilettante, Racine de Monville. He planned and built the garden between 1774 and 1789, just before the French Revolution. It was highly influential in its day and was visited by King Gustavus III of Sweden, Thomas Jefferson and Marie-Antoinette. Its fame was spread by the publication of a large volume of engravings by the geographer royal Georges Le Rouge in a fine volume, *Détails des nouveaux jardins à la mode*. The complete set of engravings can be seen in the exhibition.

It was planned according to the principles of the "jardin anglais" – one of the most successful English exports to France in the second half of the 18th century. The landscaping brought together plants from all parts of the world and a collection of carefully placed follies that purported to show the history of architecture. There was a Tartar tent; a Chinese house; a ruined Tuscan column; a Doric temple; an obelisk; a pyramid; a Gothic chapel ruin; and a grotto flanked by two torch bearing satyrs.

The most wonderful element in the entire garden is the 50 ft high false ruin known as the Broken Column, one of the most extraordinary buildings in the world. It looks like the base of a giant column with a ruined top that originally sprouted ivy and grasses. But do not be deceived – inside the column is a four-storey house with exquisite oval rooms that were originally richly decorated and furnished. Cracks in the column allow for windows, and a circular central staircase was lit by a glass skylight. In the 18th century the Prince de Ligne thought that the column produced "an impression of a height great enough to incur God's wrath, as did the tower [of Babel] built by his first children".

The appearance of the Désert de Retz today as revealed in this exhibition should be enough to influence architects in much the same way as it did in the 18th century. Many architects today are flirting with classicism, but often with an incomplete understanding. We need to return to the sensibilities of the Enlightenment which saw classicism in the context of man's relationship to nature. The Désert de Retz offers a sublime experience to any architect who is sufficiently well tuned to understand the dialogue between buildings and nature.

The number of such architects is small. Frank Lloyd Wright's architecture depends upon a deep understanding of nature. The sad death from Aids last week of the young American architect Roger Ferri deprives us of one of the few practictioners who based his work upon the inspiration of natural forms. I am convinced that the salvation of architecture depends upon training young architectural and landscape students to understand the natural sources of geometry, movement and light. The constant search for "meaning" in post-modern architecture has missed the simple point that nature and man's relationship to it is still the source of meaning for anyone who builds or gardens.

Gardeners understand this, some painters and sculptors understand this, but very, very few architects. The lessons can be read like a simple lecture in the one hundred acres of the Désert de Retz. Its complete restoration should be a European cultural project of the first rank. It is is tragic sign of our times that the setting of even this major garden is currently threatened by a mad proposal for a new golf course damagingly close to this magic place. If only some of the vast sums of money that have been spent to bring the ghastly infection of Eurodisney to the outskirts of Paris could have found their way to the Désert de Retz...

Organised groups and individuals can visit the Désert de Retz. You are strongly advised to wear Wellington boots even in dry weather and it is essential to telephone or write in advance. All necessary information can be obtained from, Société des Amis du Désert de Retz, 6 bis, Grande-Rue, 78290, Croissy sur Seine. Telephone: (1) 39 76 90 37 Facsimile: (1) 39 76 35 39.

Colin Amery

The Broken Column, Le Désert de Retz, Paris; photographed by Michael Kenna

SPONSORSHIP

Double, not quit

This has been a dramatic month for arts sponsorship. First came ABSA's galvanising announcement that business in the UK gave £57m a year to the arts, plus perhaps as much again in entertainment, the advertising of events and charitable donations. Thus the first serious research into the matter almost doubled the size of the arts sponsorship cake.

Then came the ABSA annual prize giving at the Royal National Theatre last Monday which included an on-stage drama between Glenda Jackson and Conrad Black, chairman of the event's sponsor, *The Daily Telegraph*, with each taking it in turns to patronise the other. The message from the ceremony was that ABSA would exploit the higher than anticipated corporate expenditure on sponsorship to point out to non-sponsors that they were the outsiders, missing out on a good and growing thing.

This month there will be another major announcement, with Timothy Renton, the minister for the arts, disclosing how he intends to employ the extra £1m he has found for the Business Sponsorship Incentive Scheme, which brings it up to £4.5m for 1992-1993.

Oddly enough, despite the recession, there is no shortage of applicants for the BSIS grants, which basically match with government money the contribution of first time corporate sponsors. Indeed, the BSIS has been so successful that many sponsors feel slighted if they do not qualify for a BSIS award. The extra £1m may be used to spread the net away from London throughout the country and to persuade sponsors to stick with the arts after their initial glow – and BSIS bonus.

All told, since it started in 1985-86, the BSIS has brought in £30m in sponsorship in the UK, with the government contributing almost £15m. This week the 2,000th award will be announced. The Young Vic is receiving £3,750 from first time sponsor, the Harwood Company, a marketing consultancy: the BSIS doubles that sum. The money will go towards educational workshops linked to forthcoming productions of *Macbeth* and *Metamorphosis*. Surprisingly, it is the Young Vic's first BSIS award.

Colin Tweedie, director general of ABSA, hopes that sponsorship by small and medium sized companies, many of which are putting up money for the first time, will make good the reduced spending by the large multinational companies in 1992. Many of these relate their sponsorship support to their profits, which will inevitably mean less money for the arts in the next year. Others are cutting back generally on non-essential spending. The following list of new sponsorships make Tweedie's view credible.

★

Morgan Stanley is putting up £18,000 to sponsor two January concerts by the Docklands Sinfonietta, including the orchestra's debut at the Barbican. As a first time sponsor, there is a matching BSIS grant.

★

The Print Fair, to be held at the Royal Academy between January 30 and February 2, has attracted a sponsor for the first time. Star Assurance, insurers of works of art, has put up around £25,000 to ensure that this event for enthusiasts attracts a wider market.

★

Spero Communications, arts sponsorship consultants, has put its money, £10,000 in all, where its mouth is by sponsoring the annual exhibitions of the students at the Royal Academy Arts School. More help for students comes from solicitors Woolf Seddon; the firm is paying for top artistes to perform masterclasses in popular music at the Royal Academy of Music.

★

In yet another unusual sponsorship by a small organisation, Spencer House, the recently refurbished former London home of the Spencer family, now available for corporate entertainment, has produced around £10,000 to make possible *Palaces of Art*, an exhibition at the Dulwich Art Gallery tracing the changing fashions in the design of art galleries.

In March it will move on to the National Gallery of Scotland in Edinburgh, sponsored by Ryden. The Spencer House money has mainly gone towards the catalogue, which has an introduction by Colin Amery giving a critic's perspective on the recent spate of refurbishings of art galleries in the UK.

★

The government's attempts to encourage the public to sponsor the arts by reducing the top rates of personal taxation and introducing Gift Aid have been a resounding flop, but the man or woman in the street can help his or her favourite arts organisation by indulging in such venal sins as gambling and conspicuous consumption.

UK Charity Lotteries announced last week that it had handed over £1m to thirty four arts organisations who took a modest flutter by participating in its 'Scratch! Match! Win !!!' and 'Money Match' lottery games, from which a percentage of the proceeds went to charities, including the arts.

The beneficiaries range from Opera Factory to the Hallé Orchestra to ABSA itself. Not surprisingly, the unexpected success of the scheme has prodded a hundred arts organisations to apply to take part in lotteries next year.

Chief executive Frank Flannery welcomes the introduction of a state lottery as long as it is not given a monopoly. So many major arts construction projects, such as the restoration of museums and cathedrals for the Millennium, depend upon a lottery, which could bring the arts £250m a year, that it is likely to appear in the election manifestoes of both the major political parties.

The arts have also now received £250,000 from the Midland Bank's Artscard, under which cardholders nominate an arts organisation to receive a minute proportion of their credit card expenditure.

★

The British Council is actively seeking sponsors prepared to put up £200,000 for the City of Birmingham Symphony Orchestra's tour of the US next April under Simon Rattle. The CBSO will give 16 concerts in five major cities.

In the past the British Council smoothed overseas sponsorships by contributing around half the cost, and in 1990-91 raised £3.8m for foreign touring. It is now concentrating its efforts on a lobbying exercise.

★

Last night the Estates Theatre in Prague re-opened after extensive renovation with a gala performance of *Don Giovanni*, which received its première in the house in 1787 with Mozart conducting. The performance yesterday was sponsored, with £40,000, by Bankers Trust, which has just opened an office in the Czech capital.

Antony Thorncroft

Un âge d'or des arts décoratifs, 1814-1848

GRAND PALAIS, PARIS

There have been major exhibitions covering the Napoleonic era and celebrating the Second Empire, but little about the turbulent period that lay in between. With admirable thoroughness the French national authorities, supported by LVMH, have remedied this deficiency by devoting an exhibition at the Grand Palais (until December 31) to the decorative arts for the 30-odd years after the defeat of Napoleon.

Two themes run through an exhibition that is crowded with artefacts both beautiful and eccentric. The first is the major commissions of the restored royal family. The second is the influence on design of the series of exhibitions to encourage industry which led to the first universal or Great Exhibition in 1851 – ironically in Hyde Park.

When Louis XVIII returned to the throne, many Napoleonic commissions were in the pipeline. These were scrupulously respected and the early years speak for continuity rather than change. The great names (Jacob-Desmalter, Biennais, Thomire) continued to produce the finest objects in much the same style as before – but even more lavishly. One of the highlights of the exhibition is the partial recreation of the throne room of Louis XVIII in the Tuileries costing over one million francs – or nearly five times the sum spent by Napoleon himself.

Louis-Philippe never matched this degree of ostentation, but his son, the Duc d'Orléans, commissioned a *surtout de table*, consisting of a group of animal sculptures by Barye resting on complex neo-renaissance bases, themselves enriched by sculpture and semi-precious stones, which combined great originality and magnificence.

The industrial exhibitions, three under the Restoration and three under the July monarchy, were witness to a plethora of styles. Some themes emerged more strongly than others. Salvin's evocation of Elizabethan England followed a lively appreciation in France of the Renaissance; the archaeological Gothic revival championed by the Princesse Marie d'Orléans finds a close parallel in Pugin's work in the early 1830's. And just as in England the styles familiar in the 18th century were to re-establish themselves less than 100 years later, so too can the typical outlines of Louis XV and Louis XVI be seen elbowing the more eccentric designs to one side.

This is a dense exhibition which makes the variety of and contrast between the objects all the more striking.

James Joll

San Francisco Ballet and Ballet West

NEW YORK AND WASHINGTON DC

Almost every large city in the US – and many of the smaller ones – has its own ballet company. Some have made the leap from being merely regional to gaining national and even international recognition, like the Boston Ballet, which toured Spain this summer, San Francisco Ballet, which appeared in Paris in 1989, and Miami City Ballet, which came to Europe in 1990. But it is still necessary for companies out west to come east from time to time to acquire the cachet of a season in New York or at the Kennedy Center in Washington DC, with, it is hoped, rave reviews from local critics.

San Francisco Ballet has danced at the Kennedy Center since Helgi Tomasson, formerly a principal dancer with New York City Ballet, was appointed artistic director in 1985, but not in New York. This omission was made good at the beginning of October with a week's engagement at the City Center Theater. The following week, Ballet West, from Salt Lake City, Utah, which tours extensively in western states, also came east to the Kennedy Center. Ballet West's artistic director, John Hart, formerly a principal dancer (and assistant director) with the Royal Ballet, also took up his present post in 1985.

A Balanchine ballet is an essential item in any American company's credentials; San Francisco offered *Ballo della Regina* (Verdi), Ballet West *Divertimento No. 15* (Mozart). As might be expected, the San Francisco dancers were closer to the Balanchine style as exemplified by his own company; *Ballo* was staged by Merrill Ashley, for whom he created the piece. It showed off the women in the company, sleek thoroughbreds all, especially the company's young ballerina, Elizabeth Loscavio. She was rather stolidly partnered by Andre Reyes in the only male role. Ballet West's *Divertimento* seemed a little underpowered, though all the dancers, led by Jane Wood, have clean, precise footwork.

The stumbling block for ballet companies everywhere, of course, is the need for new choreography and the shortage of good or even competent choreographers. Helgi Tomasson is at least that; *Handel – a Celebration* is an effective showcase for his dancers, but his Bach ballet *Aurora Polaris* is pointless. The writing for a trio of two men and a woman recalls Ashton's *Monotones*, which is in the repertory of the company – and which I would rather have seen. Tomasson's interpolations in the third act of *The Sleeping Beauty* seem ill-advised.

Both companies presented ballets created for them by American choreographers who have made their names in Europe: William Forsythe (*New Sleep* for San Francisco) and John Neumeier (*The Age of Anxiety* for Ballet West). Veterans of the New York City Ballet's first London season in 1950 may remember Jerome Robbins's ballet to Leonard Bernstein's second symphony, inspired by W.H. Auden's "baroque eclogue". (Auden said that the symphony sounded like the music for Bette Davis descending the staircase.)

No composer ever wrote enough music for John Neumeier, who adds some extra music at the beginning, a song cut from the Bernstein-Robbins musical *On the Town* which was derived from their ballet *Fancy Free*. One way or another, we are in the Robbins territory of urban angst and anomie. Neumeier's characterisation in movement of the four lonely people is superficial: one of them, inevitably, wears glasses, and keeps fidgeting with his necktie, but can still do an expansive grand jeté when called upon.

In *New Sleep* Forsythe continues his rediscovery of the clichés of avant-garde theatre of a quarter-century ago. Lights go on in the wings and in the auditorium, while the stage is in darkness; three people in white-face do the kind of terrible things that mimes do. What choreography there is is a knock-off of Balanchine, except that Forsythe is incapable of making a phrase – he just puts one step after another. Neumeier's work is dull, but harmless; Forsythe is actively pernicious.

At Ballet West, John Hart made a clever move in commissioning *The Gilded Bat* from Peter Anastos. In the days when Anastos was the choreographer and ballerina (Olga Tchikaboumskaya) of Les Ballets Trockadero de Monte Carlo, the drag ballet company, his take-offs of Balanchine and Robbins were, like all good parody, not only hilarious but acute stylistic commentary. In recent years, Anastos has built a reputation as a "serious" choreographer, but he has not lost his sense of humour.

Edward Gorey's book about the life of a ballerina was a natural for him. The ballet is very funny, with some delicious parodies of various styles, with a pastiche score by Peter Golub that manages to be genuinely tuneful and designs by Gorey himself.

Both Tomasson and Hart have trained good-looking companies. The male side of the San Francisco Ballet is much enhanced by the recent addition of Bruce Sansom from the Royal Ballet; he and Loscavio brought a lovely youthful freshness to the grand pas de deux from *Sleeping Beauty*. Tally Frieder stood out as the only corps dancer in *Ballo* who didn't smile determinedly throughout, and proved to be an impressive soloist in *Comfort Zone*. Ballet West lacks an obvious star like Loscavio, though Erin Leedom showed a proper sense of mischief in *The Gilded Bat*.

David Vaughan

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Emmy Verhey plays Vivaldi's Four Seasons with the Camerata Antonio Lucio. Tomorrow: Jaap van Zweden plays Mendelssohn's Violin Concerto. Wed: Peter Eotvos conducts a Kurtag and Ligeti programme. Fri, Sat and Sun: Netherlands Chamber Orchestra (6718 345)

Muziektheater 20.00 Carlo Rizzi conducts Werner Schroeter's production of Luisa Miller, with a cast led by Kallen Esperian, Neil Shicoff and Brent Ellis. Runs till Dec 29, with next performance on Fri. Tomorrow: Nederlands Dans Theater in three choreographies by Nacho Duato (6255 455/credit card bookings 6211 211)

■ ATHENS

Concert Hall 20.30 Gunther Schuller conducts the Athens State Orchestra in music by Thanos Mikroutsikos, Dmitris Mitropoulos, Yannis Papaioannou and Dmitris Terzakis. Tomorrow: poetry and music cycle. Wed and Thurs: Yehudi Menuhin conducts the Greek Radio Symphony Orchestra and Chorus. Fri: La Camerata plays Mozart and Mendelssohn. Sat and Sun: Berlin Symphonic Orchestra (722 5511)

■ BERLIN

MUSIC

Staatsoper unter den Linden 15.30 and 18.30 Hansel and Gretel, also Wed. Tomorrow: Tannhäuser. Thurs: Le nozze di Figaro. Fri: Die Zauberflöte. Sat: Nutcracker. Sun: L'Africaine (East Berlin 2004 762)

Komische Oper 19.00 Rolf Reuter conducts Harry Kupfer's production of Don Giovanni, with Roger Smeets in the title role. Tomorrow: Tom Schilling's ballet Wahlverwandtschaften. Wed: Cosi fan tutte. Thurs and Fri: Die Zauberflöte. Sat and Sun: Tom Schilling's production of Cinderella (East Berlin 2292 555)

Deutsche Oper 19.00 Bruno Weil conducts Gotz Friedrich's production of Cosi fan tutte. Tomorrow: La clemenza di Tito. Wed: Le nozze di Figaro. Thurs: Die Zauberflöte. Fri: ballets by Bejart, Kenneth MacMillan and Christopher Bruce. Sat: L'elisir d'amore. Sun: Hansel and Gretel (West Berlin 3410 249)

Schauspielhaus 20.00 Kurt Sanderling conducts the Berlin Radio Symphony Orchestra in Mozart's Symphony No 39 and Beethoven's Sixth. Tomorrow: Deutsche Kammerakademie Neuss. Thurs: Claus Peter Flor conducts the Berlin Symphony Orchestra. Sat, Sun and next Mon: Bach's Christmas Oratorio (East Berlin 2272 261)

Philharmonie Kammermusiksaal 20.00 Piano recital by Andrea Lucchesini. Tomorrow: first concert in a complete cycle of Haydn's string quartets. Sun morning: Harnoncourt conducts the Chamber Orchestra of Europe (West Berlin 2614 383)

THEATRE

East Berlin: this week's repertory at the Berliner Ensemble includes The Threepenny Opera tonight, Mother Courage tomorrow, The Captain of Kopenick on Thurs and The Good Person of Sezchuan on Sun (2827 712). The Deutsches Theater has a single-evening production of Shakespeare's Henry IV tonight at the Kammerspiele (2871 226), plus in the main theatre Ionesco's The Bald Prima Donna tomorrow, Turgenev's A Month in the Country on Thurs and Kleist's The Broken Jug on Fri (2871 225).

West Berlin: the Theater des Westens has the first German production of Stephen Sondheim's musical Follies, daily except Mon (3190 3193). The Schaubuhne has Schnitzler's The Lonely Road (1904), daily except Mon and Thurs (890023). The Schiller Theater has Molière's Le Malade imaginaire on Wed and Sat (3195 236).

■ BOLOGNA

Teatro Communale 19.15/21.15 Two-part concert marking the centenary of Prokofiev's birth, with Dmitri Sitkovetsky violin, Boris Petrushansky piano, Anton Dressler clarinet, Susan Roberts soprano and Il Giovane Quartetto Italiano. Tomorrow, Thurs and Sat: Werther. Wed and Fri: Riccardo Chailly conducts Messiaen's Turangalila Symphony (529999)

■ BRUSSELS

Palais des Beaux Arts 20.00 Sigiswald Kuijken conducts La Petite Bande and the Rheinische Kantorei in a programme including Haydn's Symphony No 26 and Mozart's Mass in C minor K 427. Tomorrow: Jessye Norman. Thurs: Olaf Bär sings Frank Martin's Monologues from Jederman (507 8200). Mark Morris' choreography The Hard Nut is revived at the Monnaie tomorrow, and Gianfranco Masini conducts concert performances of Donizetti's La Favorita on Wed and Sat (219 6341)

■ MUNICH

OPERA

This week's repertory at the Bavarian State Opera includes Il barbiere di Siviglia tonight, Cava and Pag tomorrow with a cast led by Piero Cappuccilli, Peter Grimes on Wed and Sat with Rene Kollo in the title role and Le nozze di Figaro on Thurs conducted by Wolfgang Sawallisch. There are also performances of Riccardo Duse's production of Cinderella on Fri and Sun (221316)

CONCERTS

On Sat in the Herkulessaal, Giuseppe Sinopoli conducts the Bavarian Radio Symphony Orchestra in Mahler's Seventh Symphony (299901). At Gasteig, Lothar Zagrosek conducts the Munich Philharmonic in a Messiaen and Bartok programme on Thurs, Fri and Sun (4809 8614)

■ NEW YORK

Blue Note Jazz Club and Restaurant

Tonight's guests are the Kankawa Band, with shows at 21.00, 23.00 and 01.00. Tomorrow and Wed at 21.00/23.30: Gerry Mulligan Quartet. Thurs to Sun: Milton Nascimento. Next Mon: Tony Bennett (475 8592)

Avery Fisher Hall

This week's New York Philharmonic concerts (tomorrow, Thurs, Fri, Sat) are conducted by Erich Leinsdorf (875 5030)

Carnegie Hall

Shura Cherkassky gives a piano recital tonight at 20.00. Thurs: Academy of St Martin-in-the-Fields. Fri and Sat: Deutsche Kammerphilharmonie with Gidon Kremer. Sun: Christmas concert with Kathleen Battle, André Previn and others (247 7800)

Metropolitan Opera

Tonight at 20.00: James Levine conducts Die Entführung aus dem Serail, with Mariella Devia and Matti Salminen, also Thurs. Tomorrow and Sat afternoon: Cosi fan tutte. Wed and Sat evening: Aida. Fri: La traviata (362 6000)

New York State Theater

City Ballet begins its Christmas performances of The Nutcracker on Wed, continuing daily except Mon till Jan 5 (870 5570)

■ PARIS

Palais Garnier

Tomorrow's Mozart concert is given by La Petite Bande and the Rheinische Kantorei, conducted by Sigiswald Kuijken. The next Opera Ballet production is the Nureyev staging of Romeo and Juliette, opening on Dec 14 (4017 3535)

Opéra Bastille

The only production this month is a revival of Robert Wilson's production of Die Zauberflöte, conducted by Friedemann Layer with a cast led by Hans Sotin, Hans-Peter Blochwitz, Cynthia Haymon and Wolfgang Schöne. This week's performances are tomorrow, Thurs and Sat. Runs till Jan 14 (4001 1616)

Théeâtre des Champs-Elyseés

Tonight at 20.30, Philippe Herreweghe conducts a programme of Mozart arias and Haydn's Symphony No 85, with soprano soloist Isolde Siebert. On Sunday morning, Yefim Bronfman gives a piano recital (4720 3637)

Châtelet

Tonight's concert in the Auditorium is a recital for two harpsichords by William Christie and Christophe Rousset. Tomorrow's recital is by the tenor Thomas Moser. On Thurs, Marek Janowski and the Orchestre Philharmonique de Radio France give the world premiere of a new orchestral work by Messiaen. There are also daily performances (except tonight and Thurs) of West Side Story (4028 2840)

Opéra Comique

Tonight at 20.00, Norbert Brainin, Martin Lovett, Bruno Pasquier and Georges Pludermacher play piano trios and quartets by Mozart. The Opéra Comique's Christmas production, L'as-tu revue?, is an entertainment devised by Gabriel Bacquier with music by Jean-Michel Damase, opening on Dec 10 (4286 8883)

Orchestre de Paris

Semyon Bychkov conducts Mozart's Requiem on Wed in Notre Dame and on Thurs in Saint-Eustache. Cécile Ousset plays Brahms' Second Piano Concerto in a concert by the Orchestre National d'Ile de France on Sat in the Salle Pleyel (4563 0796). Tomorrow in the Salle Gaveau, Armin Jordan conducts the Ensemble Orchestral de Paris in music by Haydn, Mozart and Frank Martin (4561 0630)

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1230-1300 Business Morning
1330-1400 Business Day
2000-2030 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 Moneyline

Super Channel
0600-0620 Business View
0630-0700 Business Insiders
2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Wed) FT Business Weekly - (global business report with James Bellini
2130-2200 (Thurs) Talking Heads - international issues

Sky News
1200 International Business Report
1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

SATURDAY

CNN
0730-0800 Moneyline
0900-0930 World Business This Week - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week

SUNDAY

Super Channel
1800-1830 FT Business Weekly

Sky News
1330, 1630, 2030, 0030, 0230 FT Business Weekly

CNN
1800-1830 World Business This Week

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Monday December 2 1991

Trojan horse at Maastricht

AS POLITICIANS trade horses ahead of the Maastricht summit, it is important that they do not lose sight of the necessity which underpins all the EC's objectives: the creation of a prosperous economy, based upon free and fair competition. There are signs in the Maastricht small-print that this point is not accepted as widely as it needs to be.

The prime example is a clause on industrial policy, known to some as the "Cresson clause". For the most part, this section confines itself to vague objectives, such as a favourable environment for small and medium-sized enterprises and efficient and commercially relevant policies for innovation and technology. But it also says that the European Council may "decide on specific measures, in particular in favour of the industries of the future".

Those who have fought hardest to enshrine a liberal economic view at the heart of the community will gasp at this forthright statement of dirigisme, implying as it does that the council's aptitude is for determining the balance of investment between industrial sectors. The continuing case of proposed EC support for a high definition television initiative, in reality a plan to subsidise manufacturers without regard to the interests of the community's consumers or broadcasters, is presumably the sort of thing the clause's backers have in mind. Publicly financed reorientation of arms manufacturers is another area ripe for consideration, although in practice "industries of the future" tends to be code for channelling money to a handful of large electronics companies. The main logic advanced on behalf of such policies is that they are practised in Japan, the community's most formidable competitor.

Domestic competition

The real lesson from Japan, however, is that global industrial success is nourished by ferocious domestic competition. Japanese companies have become big, because they are so good at what they do. They have not been made good by being made big through mergers or government-sponsored alliances.

At a more fundamental level, competition is the wellspring of a liberal society. Competitive and open markets decentralise economic decision making, encourage individual initiative, foster diversity and deliver choice. Markets are thus social as well as economic institutions. Competitive markets should stand at the heart of an open and liberal Europe.

Deeply ingrained

It may be that the merits of competition are so deeply ingrained in the thinking of EC policymakers that they do not need restating in the treaties to be agreed at Maastricht. The clause on industrial policy, coming as it does in the wake of a series of battles in Brussels over individual state aid and competition cases, suggests otherwise.

There is a feeling on all sides of this long-running "dirigisme versus liberalism" debate that the commmunity's institutional arrangements for competition policy need attention. Some dirigistes favour bringing together the commission's competition and industry functions, on the grounds that consideration of Europe's industrial future requires a carefully thought-out balance between strategic investment and cartel-busting. Alarmed liberals think the Maastricht industrial policy clause could be the thin end of this wedge.

That is almost certainly too alarmist a response, but as the twelve's leaders converge on Maastricht, they should certainly not let the industrial clause through on the nod. The point about backing industries of the future needs either to be made lucid or to be removed. If re-worded, an appropriate restatement of faith in the centrality of competition policy should also be included.

The medium-term objective should be to create for the community an independent competition authority, modelled on the German cartel office. Such a body would act according to clear, published rules, with decisions subject to judicial review. Its decisions could be overturned by politicians, but only in extreme circumstances and with a full, public account of the reasoning.

A message for Mr Kohl

AT THE MAASTRICHT summit, Germany will hold the centre of the stage. The country's economic and political weight, increased by reunification, gives it a decisive say over both conditions and timetable for progress towards a unified Europe.

The influence of the new Federal Republic is also enlarged by a negative factor: the fears of many of its neighbours that, left alone, Germany could become inward looking or even disruptive.

In relations with the kingpin of this community, both Britain and France play roles of the utmost importance. When President Francois Mitterrand meets Mr John Major at Downing Street today, they should have uppermost in their minds the aim of turning the Anglo-Franco-German triangle into the most constructive relationship possible, for the good of each other and of Europe, not least for the alarmingly unstable eastern part of the continent.

France's post-war ties with Bonn have been built on straightfoward commonality of interest. For 40 years, there was a certain equilibrium. Paris could trade its position as a Second World War victor with a large agricultural base against Germany's strategic vulnerability during the Cold War and its industrial and financial prowess. The understanding between Paris and Bonn has greatly benefited European co-operation, but Germany's reemergence as a state of 80m people has upset the balance.

Bonn's discovery of the depth of suspicion towards a united Germany among parts of the French classe politique has tested the close personal ties between Mr Mitterrand and Chancellor Helmut Kohl. An important reason for Mr Kohl's decision in 1990 to intensify the quest for European unity reflected his desire to reassure France that there would be no new German go-it-alone path in Europe.

Frosty relations

As far as Britain is concerned, relations with Germany were extremely frosty for three or four months after the breaching of the Berlin Wall in November 1989. This was partly due to the obstreperousness of Mrs Margaret Thatcher. By dint of down-to-earth calm and readiness to listen, Mr Major has put links with Bonn back on a sounder footing. In pivotal points of economic policy – over non-intervention in industry, or over the anti-inflation orientation of the proposed European central bank – Germany and Britain speak largely as one.

Anglo-German accord

Even though London and Bonn disagree over the meaning of "federalism", more Anglo-German accord exists than is often apparent on the need for cautious step-by-step advance to political and monetary union, based on the principle of the subsidiarity of levels of government. Significantly, last week, Mr Kohl prepared the Bundestag for a much less far-reaching political union treaty than earlier expected.

In the security field, there is also much room for common ground. Europe will have to do more for its own defence in coming years, even though this will still have to be organised under the umbrella of Nato. Britain, France and Germany should be well placed to work out the necessary compromises to give the EC its planned "defence identity" without weakening the all-important strategic relationship with the US.

For both London and Paris, the best way of dealing with Germany is to put full trust in the country's post-war credentials of democracy and stability, but to use every opportunity for straight talking on the problems the three countries face together.

Frankness would be a particular virtue concerning Germany's present macroeconomic policies. Unless Mr Kohl quickly corrects Germany's large fiscal deficits, high German interest rates will severely damage the chances of genuine economic convergence throughout the continent – a prospect which could spell a fatal setback for the goal of a single European currency. If Germany fails to solve this problem, much of what will be agreed at Maastricht may turn out to be hot air.

Japan's finance minister talks to **Stefan Wagstyl**

The bubble has burst

Mr Tsutomu Hata, the newly-appointed Japanese finance minister, has come to office at the most difficult time for his ministry since the oil shock of the early 1970s.

Officials are simultaneously grappling with the collapse of a boom in property and stock prices, with financial reform and with the aftermath of scandals involving banks and securities companies. They also face the tricky task of preparing next year's budget in the face of a sharp economic slowdown.

But if Mr Hata is troubled by the burdens of his office, he does not show it. Although he speaks little English, he has spent enough time abroad to feel relaxed in talking to foreigners. During an interview on Friday, he displayed much of the easy-going charm for which he is known in the ruling Liberal Democratic Party – confidently peppering answers prepared for him by officials with comments of his own.

Mr Hata, who is 56, has little direct experience of government finance. An economics graduate, he worked for 10 years for a bus company before going into politics and describes himself as "the salaried worker MP." He represents a farming constituency, Shinshu, in the mountains of central Japan, and has spent much of his political career dealing with the minutiae of agricultural trade. As agriculture minister in the mid-1980s, he handled sensitive negotiations with the US over opening the domestic markets for beef and oranges, in the face of bitter opposition from Japanese farmers. If this record is anything to go by, Mr Hata will not baulk at trying to master the financial brief and contributing to policy-making.

Tsutomu Hata: 'Our economy is still firm.'

Mr Hata's top priority is the budget for the next financial year which starts in April. With the Japanese economy slowing, tax revenues are falling fast so the government is faced with an increasing gap between income and planned expenditure. After five years of budgetary surpluses, the ministry will in the 1991-92 financial year raid reserves set aside in previous years to help cover an expected Y2,000bn-plus deficit. For 1992-93, the Finance Ministry estimates the likely shortfall could be Y6,000bn.

Moreover, the government faces growing demands from industry for measures to counter the economic slowdown which is gathering pace in Japan. Mostly businessmen are calling for further cuts in interest rates to follow the two reductions in the official discount rate already made this year. However, there are also modest but growing demands for an economy-boosting budget for next year. Mr Masaru Hayami, the chairman of Keizai Doyukai, the corporate executives' organisation, and Mr Gaishi Hiraiwa, the chairman of Keidanren, the employers' body, have both stated their opposition to tax increases next year. Given that they did not call for spending cuts, the two men's message was a thinly-disguised call for increased public borrowing.

Industrialists claim recent economic statistics add weight to their case. For example, last week, the construction ministry reported housing starts in October were 25.5 per cent down from a year ago – the 12th consecutive monthly decline. The rate of economic growth has fallen from 5.7 per cent in the year to March 1991 to a likely 3.5 per cent in 1991-2. According to private sector economists, for 1992-93 the rate could drop below 3 per cent – a recession by Japanese standards.

Mr Hata's view is that the Japanese economy is not nearly as weak as these forecasts suggest. Echoing his officials and those of the Bank of Japan, he indicates that economic activity may have stopped rising but remains on a high plateau. "We think our economy is still firm... the health of the real economy has a relatively solid base." The minister cites labour market figures published on Friday which showed that there were 133 vacancies for every 100 job-seekers in Japan – down from a peak this summer of over 140, but still high in absolute terms.

Mr Hata argues against issuing bonds to stimulate the economy. "We must be cautious now in responding to the tax shortfall. I don't think it's right to just stimulate the economy." However, like most politicians, he is not in favour of raising taxes either. "Nobody in any country wants to have high taxes. It's the sort of thing you do when it just can't be avoided."

Mr Hata declines to say how the government will close the income-expenditure gap, in advance of sensitive budget negotiations between the government and the LDP to be held later this month. Japanese bankers and economists say that a compromise will probably be worked out which will include some increase in public sector borrowing, a modest tax increase and a little belt-tightening in some ministerial budgets.

The Finance Ministry trumpets the case for fiscal conservatism; it is passionate about being seen as 'the Bundesbank of Japan'

Borrowing to cover a budget deficit is anathema to the Finance Ministry. According to the Organisation for Economic Co-operation and Development, Japan's public finances are among the most conservatively managed in the world – its public sector has a net debt amounting to just 7.7 per cent of GNP. This compares with around 30 per cent for the US and the UK.

However, the Japanese Finance Ministry sets little store by this calculation and instead publicises a gross debt figure, which, uniquely among OECD countries, includes social security obligations. On a gross basis, Japan has a debt ratio of over 60 per cent – exceeded in the OECD only by Italy. With the help of these figures, the Finance Ministry trumpets the case for fiscal conservatism. It is passionate, in the words of one Japanese banker, about being "the Bundesbank of Japan".

Mr Hata says the ministry has to exercise restraint about bond issues. However, although he did not say so, the ministry may issue increased amounts of so-called "construction bonds" or government bonds used for funding roads and other works. Such issues would increase public borrowing, but would allow the ministry to argue that the extra bond issues were financing identifiable and necessary construction schemes and not general expenditure.

As for tax increases, the most likely option is to leave in place two special taxes introduced this year to help fund Japan's contribution to the Gulf war – an extra levy on corporate taxes and a sales tax on cars. Spending cuts would most probably be spread across the board since individual ministries compete vigorously for every yen they can get. But it is possible that the defence agency's budget could be trimmed more than most, in view of the recent planned cuts in military expenditure in the US and elsewhere.

Looking at the financial markets, Mr Hata says the bursting of the "bubble economy" has hit companies' investments in land and stock prices. He acknowledges it has also revealed scandals in which securities companies were found to be compensating favoured clients for trading losses and banks were involved in making illegal loans. "Everyone was surprised that even banks were involved," says Mr Hata, "In Japan, people's confidence in banks is very high."

Mr Hata denies that the Finance Ministry would always protect banks from failure – a claim often made by foreign bankers and borne out by the fact that no Japanese bank has gone bust since the Second World War. Mr Hata says that following financial deregulation, banks from many countries could enter the Japanese market so "we will do business here with the same international rules as elsewhere. It is wrong to think the government looks after Japanese banks and they get along somehow. We are always keeping an eye on banks to make sure they do business in proper ways."

On this and other issues, the finance minister shows an acute awareness of Japan's international obligations. He recognises the recent expansion in Japan's trade surplus is causing concern overseas. He says that even in his rural constituency, "people have come to think that we have to do something with the trade surplus." The total looks set to grow from $63.5bn in 1990 to nearly $100bn this year.

Mr Hata says import growth has declined for some special reasons – including a fall in imports of luxury cars and paintings following the end of the financial boom of the 1980s. The answer, he says, is not to do anything drastic – but to continue with the steady expansion of domestic demand.

Cathy has not come home

Shelter is 25. **John Willman** asks what happened to housing policy

Shelter, the national campaign for the homeless, today marks its 25th birthday. One of the most successful campaigning organisations of the 1960s and 1970s, it can justly claim to have moved the plight of the homeless up the political agenda. But after a decade of Thatcherism, Shelter now finds itself struggling to make the same sort of political impact – despite mounting housing problems.

Shelter was launched in December 1966, just a few days after the BBC broadcast Cathy Come Home, a drama-documentary showing how homelessness could break up families. The programme created a wave of public anger, which Shelter harnessed to promote the cause of the homeless and raise funds to tackle bad housing conditions.

In the 1960s, such campaigning was cutting with the grain, since housing was an important political issue. With one in five homes lacking basic amenities, slum clearance programmes were in full swing. Political parties outbid each other in the number of homes they would build – Harold Wilson became prime minister with a promise to build 400,000 homes a year.

Now, 25 years later, politicians seem to have lost interest in housing. None of the parties makes any promises about the number of homes it will build, though scarcely 200,000 have been built in each of the last few years. Completions of social housing – council and housing association homes built for rent – have slumped from 126,000 in 1977 to 35,000 for 1991-92.

Yet homelessness has not gone away – indeed it is now running at record levels. 145,800 households were registered homeless by councils in England last year, almost three times the number in 1978. There is public disquiet about the young single people sleeping rough: though numbering only a few thousand they are a visible reminder of the problem of homelessness. But it is hard to detect a groundswell of public opinion that "something should be done" about housing.

One reason for this indifference may be that faith in the ability of politicians to solve housing problems has been undermined by experience. Defenders of giant public-sector housing projects are thin on the ground, as the council estates built in the 1950s and 1960s have become the social and employment black spots of the 1980s and 1990s. Local authorities have all but ceased to build homes and new social housing is largely built by housing associations.

Politically, the government has promoted owner-occupation as the housing choice for most people, with some measures to revive the privately-rented sector. Attractive though owning a home has been to many, the emphasis on owner-occupation has created a two-tier housing market. Owner-occupiers enjoy tax reliefs, flexibility and control over their homes, but tie up their savings in bricks and mortar. People renting in the social housing sector benefit from some subsidies and free repairs and maintenance – in return for less control over their housing, no choice and access by waiting list.

The consequence is social polarisation, with owner-occupation the preferred choice for those who can afford it (and some who cannot). Social housing is increasingly a ghetto for the aged, the jobless and low earners, people whose voices are often not heard in national debates.

> Increasingly, social housing is a ghetto for the aged, the jobless and those on low incomes

But even for many who have escaped into owner occupation, high interest rates and increasing unemployment have created a nightmare. Mortgage repossessions look set to top 100,000 in 1991 (compared with 5,000 in 1981), and over a quarter of a million homes will have been repossessed in 10 years.

This rising tide of repossessions has an impact beyond those who are made homeless, since the overhang of unsold repossessed properties threatens the recovery of the housing market. This reduces mobility for those who need to move because of their job or family circumstances. And until house prices recover, home owners will feel less wealthy and less secure.

The homeless, the residents of sink council estates, those burdened by mortgage arrears, and home owners trapped in homes they cannot sell, all have an interest in a more flexible housing system offering a much greater range of choices.

There is remarkable agreement among campaigners and researchers about what should be done – starting with phasing out mortgage interest tax relief which would release almost £8bn a year to increase funding for social housing and encourage the revival of the private rented sector.

But it is precisely this keystone of mortgage interest tax relief which makes politicians unwilling to tackle the housing crisis, for no party dares promise its abolition. The challenge for Shelter in its 25th anniversary year lies in creating a coalition to force politicians to face up to this dilemma and unlock the door to greater housing choice.

OBSERVER

Anglo-French contretemps

■ Omens are mixed for today's Downing Street tête-à-tête between John Major and François Mitterrand, which could be decisive for next week's Maastricht summit.

On Friday, Mitterrand's top presidential aide, Hubert Vedrine, paid a flying advance visit to Britain but was turned back at Luton. He was supposed to be the guest speaker at a Franco-British "colloque", modelled on the much-admired Anglo-German Königswinter gatherings. However, fog – that old enemy of entente cordiale – thwarted him. Arriving at Luton, he was warned that unless he returned immédiatement, he might not be able to rest his head in Paris that night. Vedrine made his excuses and left.

Tristan Garel-Jones, Britain's foreign office minister, was diplomatic about the unintended snub, saying that no one exposed to Luton airport could be blamed for going home in a hurry. Meanwhile, the French delegation did not insist on an official apology for an earlier delay at Stansted while Compagnie de Suez boss Gerard Worms' documents were examined at length.

The incident did give point to Sir Ralf Dahrendorf's remark that the Maastricht agenda reminded him painfully of his time as a Brussels commissioner when the talk was all of "achèvement, approfondissement, and élargissement". In 1970, Sir Ralf recalled, the EC had solemnly proclaimed that the common market was now "complete", and no doubt it would be doing so again in 2013 or thereabouts.

Marking the spot

■ An important gap has opened up in the world of central banking. Sam Cross, the New York Fed's foreign exchange boss for the last decade, retires today, and no-one has yet been named to replace him. Another sign, perchance, of the current US administration's policy of benign neglect of its currency?

In an era of floating exchange rates, Sam's job as manager for foreign operations for the whole Federal Reserve system was never going to be as important as in Charlie Coombes' day. Nevertheless, Cross has been an important player behind the scenes and will be best remembered for his 1986 Bank for International Settlements report on recent innovations in international banking. A lucid trawl around off-balance sheet instruments such as swaps, financial futures and other assorted products, it is required reading still.

A quiet and modest man, Cross may be missed rather quickly if there is another run on the dollar. In that case, his deputy on the foreign exchange side, one Gretchen Greene, may be required to plug the gap.

Tough luck

■ A man charged with stealing a British Rail sandwich was sent to see a psychiatrist when his case was heard in the Horseferry Road magistrates court in London. One of "more than 20 things you need to know about British Rail", in yesterday's Observer newspaper.

Movement

■ The sudden departure of Scott Durward, Alliance & Leicester's veteran chief executive, is a timely reminder that the new guard in the boardrooms of Britain's top building societies are going to play a far more active role than their predecessors. It's not before time.

Fred Crawley, having been passed over for the top job at Lloyds Bank in the early 1980s, seems intent on putting his mark on Alliance & Leicester, Britain's third biggest building society. He has only been chairman since August, yet he has already replaced his chief executive.

"I've found a Sunday job in a shoe shop"

The upheaval is all the more surprising since Alliance & Leicester is rated as one of the top three societies in terms of performance by UBS Phillips & Drew. It will be interesting to see whether Jon Foulds and Sir Colin Corness, who have recently taken over the chairmanships of Halifax and Nationwide Anglia, numbers one and two in the industry, demonstrate the same ruthless streak.

Meanwhile, Observer is intrigued to hear that Andrew Longhurst, arguably Britain's most ambitious building society chief executive, has cut short his three-month sabbatical to return to work at the Cheltenham & Gloucester. Given that his own chairman, the little known Stephen Price, has been part of the movement for 30 years, surely the 52-year old Longhurst was not worried about losing his job in a boardroom coup?

"I just decided I would rather be warm in the office than cold at home," says Longhurst, whose stay at a gite in the Dordogne was thwarted by fog, pouring rain and six degrees of frost.

Wales Inc

■ Still on the subject of sudden departures, no one has yet come up with a convincing explanation for David Jeffrey's abrupt resignation as group managing director of Welsh Water, the principality's flagship company.

The 55-year-old Jeffrey, chairman of the management group of the Water Services Association, is one of the respected figures in the UK's newly privatised water industry. Being a water professional, it is hard to believe that he should shoulder the blame for Welsh Water's controversial stake-building in South Wales Electricity. Instead, his departure probably has more to do with the fact that he was not going to succeed John Elfed Jones as chairman when the latter retires in April 1993. Observer hopes that Jeffrey was not passed over simply because he is not a Welshman.

Meanwhile, the choice of Elfed Jones' successor, 40-year old Harvard MBA Iain Evans, may turn out to be equally controversial. Welsh Water says that he has "strong family roots in Wales". But can he speak Welsh?

Next question

■ The TV quiz show host is having difficulty getting his nervous contestants to give the right answer.

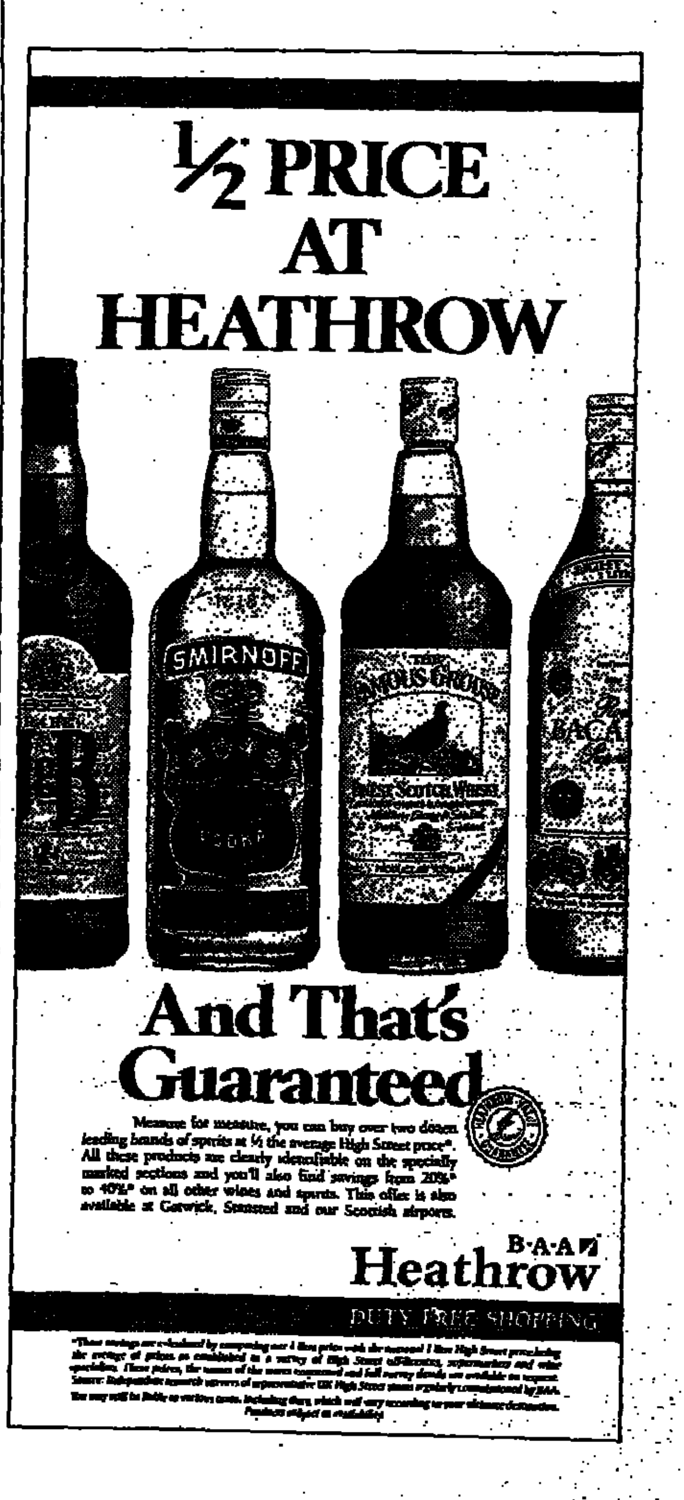
"Final question. Who was Adam's partner in the Garden of Eden?"

Pause. "Er..."

"Here's a clue. Think of an apple."

Another pause as the contestant racks his brains.

"Granny Smith...?"



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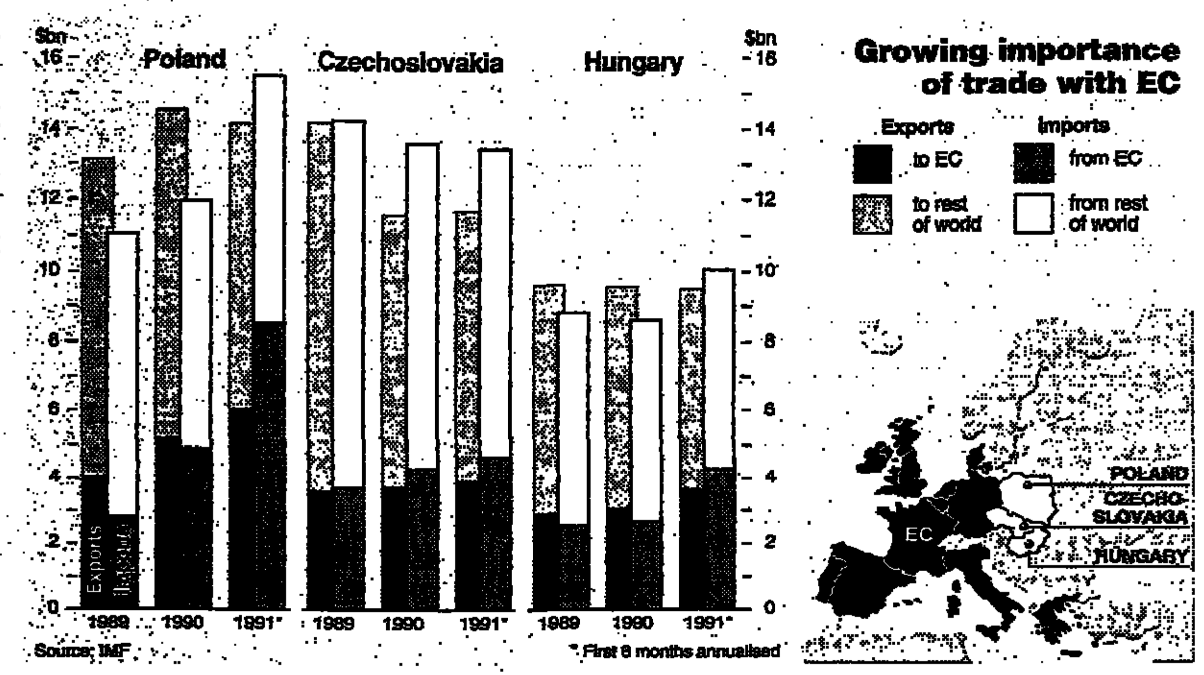
Europe's reluctant empire-builders

Anthony Robinson and **Martin Wolf** discuss the EC's response to fears of instability to the east



Source: IMF
* First 8 months annualised

Europe from the Atlantic to the River Bug may not seize the imagination as vividly as General de Gaulle's grander vision of a Europe extending to the Urals. But the signing later this month of association agreements between the European Community and the former communist states of Czechoslovakia, Hungary and Poland will effectively extend the Community's influence up to the Soviet border.

It may be the "manifest destiny" of the European Community to unify Europe, but this is a reluctant imperialist, more concerned about the threat of increased imports of shirts and strawberries than about the fate of the newly liberated countries on its borders. Yet, like many an empire before it, the fear of instability in its neighbours is pulling the EC towards its destiny in eastern and central Europe. The vacuum left by the collapse of the Soviet empire has had to be filled; and the EC alone can fill it.

The EC's response to the challenge has even been judged niggardly. Mr Vladimir Dlouhy, minister of the economy in the federal government of what is now the Czech and Slovak Federal Republic, remarks that "when we started our political changes and then the economic reforms, we had a lot of support from western European political circles. But now, when we are really coming to the terms of that support, only cool-blooded economic facts are put on the table."

The governments of the three countries had hoped for more. With their economies deeply depressed, they want immediate free access to the markets that were bound to be their most important. In 1988 the EC absorbed 23 per cent of Hungary's exports, 24 per cent of the CSFR's and 30 per cent of Poland's. These shares had jumped to 39 per cent, 34 per cent and 43 per cent, respectively, by the first half of 1991. Increased exports to the EC have helped offset the collapse in trade with the Soviet Union. Consequently, Germany has replaced the Soviet Union as the most important trading partner for all three.

Yet trading opportunities, however important, were not everything. These countries argued that the stability of their fragile democracies would be substantially enhanced by a commitment to eventual EC membership. In addition, the more intelligent policy-makers hoped that requirements laid upon their countries would render their shift to market-oriented policies more credible, because less easily reversible. As Mr Andzrej Olechowski, Poland's chief negotiator, says: "The accent should have been on helping us to go as quickly as possible to the *acquis communautaire*. What we wanted was a shield from wild politicians, but we really failed to achieve this."

Set against these ambitions, the agreements – which should be formally signed on December 16 and come into operation early next year – are bound to be deemed wanting.

Thus, Mr Olechowski's desire for "a specific list of targets to be hit, followed by automatic entry" was rebuffed. Association falls far short of full membership, although the political declarations that precede each of the bilaterally negotiated agreements recognises that this is the final objective. No dates for membership are specified, although Hungary, the smallest and economically most market-oriented of the three, has set its sights on membership by 1996. All three hope that the association agreements will make them eligible for membership by 2000.

On market access, the agreements offer more than seemed likely before the failed Soviet coup in August, but still retain restrictions for a lengthy period. According to Mr Olechowski, they provide for full trade liberalisation by 1999 and also satisfy the EC's promise of "asymmetry". In other words, the EC promises to liberalise before its three partners. For instance, the Community would liberalise Polish imports over the next five years, or six in the case of steel and textiles, while Poland would only have to start this process in 1995.

The distinction made in the agreements between steel and coal, textiles and agriculture, on the one hand, and general industrial products, on the other, reflects the "sensitivity" of the former group. These industries have been defended by powerful lobbies within individual EC member states. But they represent an important element in the exports of the three countries of central and eastern Europe. In the case of Poland, for example, agricultural commodities (including processed food), fuels, iron and steel, and textiles and clothing made up 37 per cent of exports to the EC in the first nine months of 1991. In the absence of the restrictions exports of the restricted commodities might have been far larger.

Finally, the emerging democracies have agreed to approximate their existing and future legislation with that of the EC and to adopt EC rules on competition and state aids. These obligations will now endure, whatever happens to individual governments.

Yet, despite positive elements in the outcome, the course of these negotiations was bedevilled by the mercantilist bargaining framework in which they were conducted, with trade liberalisation too often seen as a cost and increased exports as the main benefit. "I think we were all disappointed by the format and the political climate of the talks. It soon just turned into pure trade bargaining by two sides across a table. We started on the wrong foot," complains Mr Olechowski. The inevitable result was haggling over the tiniest details – such as the last-minute squabble with Poland over whether quotas for mushroom exports should be based on net weight or net drained weight.

Such disappointments may have been inevitable. The question remains whether the agreements offer enough.

So far as market access is concerned, the answer should be yes. It would have been better still for these countries to have obtained free access more quickly, but they have already shown their ability to expand exports to the EC. The new agreements must provide a further boost.

Equally important is the growing openness of these countries to imports. Even before the association negotiations all three countries had already eliminated most of their quotas, lowered tariffs where they had been high, and devalued their currencies. This has created strong competition for the state-controlled monopoly producers of Hungary, the CSFR and Poland and given the *coup de grâce* to many local industries and so contributed to rising unemployment.

The demand for cheap, second-hand, imported trucks from Italy and Germany by Poland's new entrepreneurs has, for example, virtually bankrupted the local Star truck plant. At the same time, incorporating fuel-efficient German engines or transmissions into Hungary's Ikarus buses has enabled the company to compete in new markets in the Middle East, Latin America and the US, as well as western Europe. The association agreements will take these processes further and make them still more irreversible.

Above all, the combination of market access in the EC, import liberalisation and the improved and more predictable legislative framework should further stimulate the inflow of foreign investment, on which the three countries must rely for new technology and management. They hope that the association agreements, plus the lion's share of the $45bn of aid and investment pledged by G-24 group of industrial democracies for eastern Europe as a whole, will enable them to take full advantage of their two main advantages:

- a cheap and well-educated workforce; and
- proximity to the heart of an EC market about to become the largest in the world.

Investment has gone slowly so far. The initial exploratory overtures made by western companies are only slowly giving way to concrete investment decisions such as Dow Europe's recent announcement that it would invest more than $150m in a Czech chemical company that will become its production and marketing centre throughout the region. Until now what has been lacking is a guarantee that new plants will be able to export easily into EC markets. The association agreements give this assurance.

Total equity investment in the region remains modest, however. The $1.5bn which has flowed into Hungary over the past 18 months is about 60 per cent of the total to the region to date. GE of the US was one of the first to take the plunge by buying the state-owned Tungsram lamp company, with the aim of expanding throughout Europe from a low-cost Hungarian base. No wonder that ensuring access for Hungarian light bulbs was a priority for the Hungarian negotiators, along with access for colour televisions, buses and float glass. The three countries now hope that conclusion of the EC association agreements will entice still more foreign investment and encourage foreign entrepreneurs to buy companies offered in privatisation schemes.

What fuels their optimism is the experience of recent EC entrants, particularly Spain and Portugal. Since joining the EC as a full member five years ago foreign investment in Portugal has grown 22-fold.

Spain, which 30 years ago had an income and population roughly similar to Poland, has raced ahead thanks to investment and export-based development linked to its EC membership. In both cases prosperity has cemented democracy. Central Europe hopes that the association agreements just initialled, together with the tough market-oriented reforms now in place, will spark off a similar process. If not, the EC may find itself forced to be notably more generous sooner than it may like.

Additional reporting by Christopher Bobinski in Warsaw, Ariane Genillard in Prague and Nicholas Denton in Budapest

Samuel Brittan

Alternatives to the rouble

The choice between several currencies and a single one – like the related question of flexible or fixed exchange rates – is not an ideological one to be made once for all, but a practical one depending on circumstances of time and place.

This is very clear in Europe today. In western Europe, the movement to a single currency is well-advanced and is held up mainly by political wrangles over matters such as the power of the European parliament and majority voting on non-monetary issues. On the eastern side of the continent, however, an existing single currency – the rouble – is disintegrating. Many members of the Union of Sovereign States or USS (the proposed new name for the former Soviet Union) are very reasonably contemplating currencies of their own.

Western politicians have found it very difficult to live without the idea of a single Soviet Union. Similarly, the western economic establishment has preferred to see a single reformed rouble for the USS, but one issued by an independent central bank. In an article in the new London Business School International Economic Outlook, Professor John Williamson argues that this view is deeply mistaken. While he supports monetary union in the EC, he believes it far more sensible for the republics to have their own separate currencies. He gives four reasons, in ascending order of importance:

- The real shocks caused by the withdrawal of the very large transfers between republics will require violent shifts in terms of trade difficult to achieve without currency appreciation or depreciation.
- The republics are likely to want different inflation rates. Williamson thinks that this makes some sense as they will have different degrees of success in raising ordinary tax revenue, and will therefore need to print money to different degrees.
- Several republics are going through a nation-building stage in which independent currencies are a symbol – which I would compare to flags, border controls, militias with colourful uniforms and all the other trinkets which appeal to the immature in all of us.
- While a single money in the Community based on the D-Mark, or a really hard Ecu which might take its place, has many advantages, a single money based on anything like the rouble gives the worst of all worlds. Williamson argues convincingly that in a single currency area, the republics would compete to incur the largest budget deficits, which the central bank would have no option but to finance.

This last argument is a trump card, which makes it unnecessary to linger over the other three. Williamson does not discuss whether the currencies should be pegged or float against each other. For the next few years, some form of floating, however "dirty", could help minimise trade and payments barriers.

He does discuss, however, how imbalances between the republics can be settled. There is a model in the post-war European Payments Union (EPU). Under this, cross-border payments are originally made in local currencies. Imbalances are netted out, then settled partly in credit and partly in hard currency, with an increasing hard currency element. The absence of such an arrangement contributed to the 50 per cent fall in trade when the old Soviet Union insisted on hard currency payments from its former satellites.

The case for separate currencies linked by a new form of EPU is not only clear-cut, but requires much less political heroism or leadership than many other reforms of a non-monetary kind. The west could help the republics to get on with establishing it by providing a hard currency float which would be a much less hazardous and expensive form of aid than many of the more ambitious packages which are so much discussed, and never get off the ground.

LETTERS

No benefit in fixed credit margins

From Ms Elizabeth Phillips.

Sir, Martin Mayer's suggestion (Letters, November 27) that a fixed relationship between banks' cost of funds and credit card rates would "bring consumer credit into the market economy" is mystifying. Government has no role setting interest margins, any more than it has a role in setting the margin between the cost of flour and the price of bread. To do so would be an intervention in the market not a strengthening of the market.

Mr Mayer says that credit card rates move infrequently because consumers have poor information and worse opportunities to use it. This is untrue. Consumers have more information about the comparative costs of credit cards than they do about many other consumer goods. Tables of credit card rates are frequently published in the media (this group, for example, circulates a list of UK rates every month to journalists). They can act on that information by moving to issuers with lower rates. Moving your credit card account every few months may be impractical, but issuers with consistently higher rates will lose customers. People also have the opportunity of using other sources of revolving credit such as overdrafts.

Credit card rates lag changes in the cost of funds (up and down) and change less frequently because the cost of money is only part of issuers' costs and changing rates is expensive. One large UK issuer estimates the cost of changing its interest rate at £0.25m. Long term, credit card rates track the cost of funds closely.

Mr Mayer also makes the extraordinary claim that credit card rates are set at a level "for the purpose of extending credit to people who will not pay their bills" and that credit risk cannot be actuarially determined. Extending unsecured credit is never risk free and lending margins have to allow for this. But credit and behavioural scoring systems have improved risk management to the benefit of both cardholders and shareholders.

Elizabeth Phillips,
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Credit Card Research Group,
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London WC1

Minister's perspective on EC social action front

From Mr Eric Forth MP.

Sir, I read with interest David Goodhart's article, "Social row could sour the Summit" (November 28). While I welcome attempts to place the EC Social Action Programme in its wider context and to encourage informed discussion, I take issue with three aspects of the article.

First, it is wrong to suggest little progress has been achieved in the Social Action Programme. Almost half of the measures so far brought forward by the European Commission have been adopted and we expect to see further progress before the end of this year.

In no case has the UK vetoed any proposal. Where progress has been slow this has been due to difficulties the proposals have posed for the majority of member states. Indeed, successive presidents of the Social Affairs Council have paid tribute to the constructive role of the UK in these areas.

Second, I cannot agree that many aspects of the proposed Working Time Directive would change very little in the UK. David Goodhart himself recognises that a maximum 48-hour week could have a radical effect. Over 15 per cent of employees in the UK regularly work more than 48 hours a week. If they are forced by the directive to curtail their hours, their earnings will be reduced, the costs to employers and ultimately to consumers will be increased, or both.

This is only one example of the practical impact of the proposals. Others of particular concern are the effects on tourism and leisure industries, where shift rotas for good reasons often conflict with proposals on rest periods; working patterns in construction and civil engineering, which are largely dictated by weather conditions and the need to avoid disruption of other activities; agriculture, where restrictions drawn up with manufacturing industry in mind are inherently unworkable; and maintenance work done intensively over weekends or holiday periods. There are no clear derogations for these cases.

It is not surprising therefore that the British Tourist Authority, National Farmers' Union, and Federation of Civil Engineering contractors have all voiced their opposition.

Finally, it is not correct to assert that many details in this and other directives can be ignored if the employers and unions agree on an alternative via collective bargaining. A derogation for collective bargaining has been proposed, but its terms are far from settled.

I hope that your readers will not be lulled by Mr Goodhart's article into a false sense of security. The proposed Working Time Directive, if adopted in its present form, would impose significant extra costs on British firms and reduce substantially their ability to adopt, in conjunction with their workers, the working hours arrangements most suited to their needs. This is clearly bad news for competitiveness, earnings and jobs. This is a social dimension of Europe which we do not need.

Eric Forth,
parliamentary under secretary of state,
Department of Employment,
Caxton House,
Tothill Street, London SW1

Air fares liberalisation supported

From Mr John Parr.

Sir, One-liners on such complex matters as air transport can give a misleading impression – as your quote from me ("Commission rejects UK plea for cut in air fares" November 28) unfortunately shows.

This committee is unequivocal in its support for the Community's liberalisation programme because we believe that competition provides the best possible guarantee of user choice – a choice between airlines, a choice of service and a choice of fares.

But this will only happen if the Commission uses its powers to ensure that the airlines do not misuse their new-found freedoms and first reports of yesterday's decision unhappily provide few grounds for optimism on this occasion.

John Parr,
director-general,
Air Transport Users Committee,
2nd floor, Kingsway House,
103 Kingsway, London WC2

Spiky pattern for pool prices

From Mr John Baker.

Sir, While I can understand Andrew Cook's concern that no large user of electricity wants to see his electricity bills going up at any time, let alone when trading conditions are tougher than normal, his letter (November 28) on pool prices misses the point that the pool is *intended* to produce a spiky pattern of prices.

On any typical winter's day, with capacity and demand in approximate balance as they should be, a capacity element in the price will still be seen for only a relatively few hours a day. Taking the year as a whole, this means that in equilibrium conditions it will be normal for the pool price to be below average for 77 per cent of the time, for it to be up to twice the average for 18 per cent of the time, from 2 to 5 times the average for 3 per cent of the time, and over 5 times the average for 2 per cent of the time.

I stress this is normal and to be expected and has nothing to do with the wilful actions of the generators. It should also be remembered that:

- the statutorily determined value of loss load means half-hourly prices of 200p/kwh are to be expected from time to time;
- current pool prices cover less than half our avoidable costs;
- all our output for the year has been contracted, and our revenue stream is predicated on contract, not pool, income. Our profitability is currently not driven by pool prices;
- large users' problems are apparently exacerbated either by the withdrawal of subsidies and cross-subsidies previously enjoyed, and which producers are no longer in a position to provide, or because large prices decreases they enjoyed when the new market went live are now eroding as pool prices move towards the equilibrium price needed to remunerate new entrants using state of the art technology.

John Baker,
chief executive,
National Power,
85 Queen Victoria Street,
London EC4

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End in sight to hostage crisis as hopes grow for Cicippio

By Lara Marlowe in Beirut

THE MIDDLE East hostage crisis moved closer to resolution yesterday when Lebanese kidnappers promised to free American hostage Mr Joseph Cicippio within 48 hours and Israel released 25 Arab prisoners.

The Israelis also handed over a videotape of Sheikh Abdul Karim Obeid, the Shia Moslem cleric they kidnapped in 1989.

Syria also expects Mr Cicippio to be released today and the last two US hostages to be free by the end of next week. "We expect American hostage Joseph Cicippio to be freed tomorrow. We expect the rest of the US hostages to be freed by the end of next week," a senior Syrian foreign ministry official said yesterday.

Mr Giandomenico Picco, the UN envoy whose efforts have led to the freedom of seven westerners in the past 10 weeks, yesterday met Mr Farouk Al-Shara, Syrian foreign minister.

Mr Cicippio, 61, is the last western hostage held by the Revolutionary Justice Organisation (RJO), which freed Briton Mr Jackie Mann on September 24. In the statement announcing his imminent release, the RJO said it had received "solid guarantees" that the United Nations would press for the release of Arab prisoners in Israel.

The kidnappers did not explain why freedom for western hostages was again being linked with the liberation of Arab prisoners.

A Tehran newspaper reported at the weekend that two western hostages might be released by Wednesday, raising speculation that Mr Cicippio may be freed with American Mr Alann Steen, kidnapped in January 1987. Another report from Tehran said that Mr Terry Anderson, the Middle East correspondent for the Associated Press and the longest-held western hostage, could be freed by December 9.

Just four hours after the RJO statement was delivered to a news agency in West Beirut, the Israeli-backed South Lebanon Army freed 25 Lebanese, including six Hizbollah members, from Khiam prison in southern Lebanon.

Most of the freed prisoners were greeted at nightfall by cheering crowds at the Great Prophet mosque in Beirut.

Israel has released 91 prisoners and returned nine bodies since September, but 19 other Lebanese have been seized in southern Lebanon during the same period.

The RJO statement promised a videotape showing Sheikh Obeid's prison conditions "will soon be made available to the media". Hostage negotiators believe Sheikh Obeid will be exchanged for Mr Ron Arad, the Israeli airman shot down over Lebanon in 1986.

Le Pen plays on European fears of an 'invasion' by immigrants

William Dawkins previews a meeting of extreme right MEPs

MR Jean-Marie Le Pen, the former paratrooper who leads France's National Front, Europe's largest extreme right-wing political party, is no stranger to controversy.

Only recently, he was branded "an extremely dangerous man" by Mr Kofi Yamgnane, the naturalised Togolese who is now France's minister responsible for integrating immigrants into French life.

Mr Yamgnane was responding to a 50-point National Front plan to curb immigration which proposes that deportees be locked in guarded camps and that some naturalisations carried out as long ago as 1974 should be invalidated.

Mr Le Pen will be courting controversy this week in Britain, when the European Rights Group meets in a London hotel.

The group, which he heads, is a small association of extreme right-wing members of the European parliament. It chooses a different European capital for each monthly session and was last in London in July when the visit was condemned by anti-racist groups and opposition MPs as an affront to decent values.

Its subject for discussion this time sounds innocuous enough – "Politics in eastern Europe", according to Mr Le Pen's Paris office. But the proposed meeting has already provoked protests in the British press, with one critical newspaper article pointing out that some of Mr Le Pen's expenses, as a member of the European parliament, are paid out of Community funds.

Yet the meeting takes place at a time when Mr Le Pen and his colleagues in the European Rights Group are enjoying greater political support than ever before. The group, which includes 10 French, a Belgian and three German MEPs, was founded in 1984 when Mr Le Pen was first elected to the Strasbourg assembly, to give the far right a collective say in European parliament business.

His original election as an MEP showed that his tough, anti-immigrant line and his hyper-patriotic appeal were no longer a policy confined to an eccentric fringe. Today Mr Le Pen consistently wins between 10 per cent and 15 per cent of the French electorate's support in opinion polls.

The Front has just one national MP under the majority voting system used in the last general election. President François Mitterrand's proposal for a switch to an element of proportional representation in the 1993 general election would benefit small parties such as the Front, even though it is the party of ecologists that is expected to gain.

Mr Le Pen's Belgian colleague, Mr Karel Dillen, also has reason to be pleased. Vlaams Blok, the Flemish nationalist party which he chairs, quadrupled its support in some areas in last month's Belgian general election and won 12 parliamentary seats.

Courting controversy: Jean-Marie Le Pen's far right policies are enjoying more political support than ever before

German members of the group have been boosted by the strong showing achieved by the rightwing Republican party in a recent local election in Hanover.

All three parties appear to be benefiting from similar popular concerns: the perceived threat to national identity posed by high levels of immigration; easing of European frontier controls, and, at least in the case of France and Belgium, persistently high unemployment.

France's political establishment hovers between condemning Mr Le Pen, in an attempt to capture the moral high ground, and courting his ideas, in an effort to woo the large anti-immigrant vote away from Mr Le Pen. The latest to try to get his hands on Mr Le Pen's electoral assets is former President Valéry Giscard d'Estaing, who has been warning recently of an immigrant "invasion".

It is no surprise, therefore, that Mr Le Pen is forced to spend much time at his rallies warning supporters to beware of political imitators.

Dutch group finalises purchase of UK export credit arm

By David Dodwell, World Trade Editor

THE PURCHASE of Britain's government-controlled short-term export credit arm by NCM, the Dutch private-sector credit insurer, was completed yesterday.

The British government is expected to receive about £25m ($44m) of the £80m NCM is spending. The balance will recapitalise the business which NCM is buying.

The sale of the division of the Export Credits Guarantee Department (ECGD) concludes a privatisation which has been dogged by controversy.

The acquisition doubles the size of Nederlandsche Crediet-verzekering Maatschappij (NCM), already Europe's fourth largest credit insurer, underwriting Fl 80bn ($44bn) of short-term credit last year.

Mr Harry Groen, chairman of the managing board of NCM, said the group would be announcing tomorrow a Fl 189m rights issue to cover "part of the price" paid for the Cardiff-based Insurance Services Group (ISG). The privatised group will be called NCM Credit Insurance.

The sale marks the final act of Mr Malcolm Stephens as chief executive of the ECGD, who resigned yesterday to become chairman of the London Chamber of Commerce.

He is understood to have quit because of disillusion with UK government policies on export credit insurance. "Mr Stephens' resignation is a severe loss, not only for the ECGD, but for the whole export credit industry," Mr Groen said.

British exporters were at one stage alarmed at the prospect of a non-UK company being responsible for export credit insurance, as prospective UK bidders for the group fell by the wayside during the summer. The government has assured NCM that it will remain insurer of last resort for short-term political risk.

British MPs also feared that the plight of the insurance industry would mean the government received very little for ISG. Estimates of the price ranged from £200m when privatisation was first mooted to £6m. The exact sum will be revealed this week by Mr Peter Lilley, UK trade and industry secretary.

Mr Groen said NCM Credit Insurance would be launching a number of UK domestic policies next spring. Premium costs would not rise. Exporters saw short-term credit insurance costs rise by an average of 40 per cent early this year.

Sir Douglas Wass, chairman of Equity & Law and Nomura International, will become non-executive chairman of the new group. Mr Colin Foxall, managing director and chief executive of ISG, retains his position with NCM Credit Insurance.

The Louis XVI syndrome

By John Plender

LOUIS XVI is alleged to have said of his banker Jacques Necker that he was rather inclined to pull the blankets over to his side of the bed. Pretty rich, you might think, given the spending habits of the pre-revolutionary French monarchy and Necker's legendary capacity for raising the wind. But not, on reflection, such a bad metaphor for the perpetual tension between financial orthodoxy and fiscal profligacy – or, indeed, the current debate on economic policy in and out of Europe.

Today many bankers are undeniably tugging at the blanket for the very good reason that past imprudent behaviour has left their capital depleted and their nerves in shreds. Reaganomics has left a fiscal legacy that would have had successive French monarchs gasping with admiration and envy. One result is that the US is unable to repeat the early 1980s trick of dragging the rest of the world from recession through a global Keynesian experiment. Another might just be that the Europeans are on the point, in the run up to Maastricht, of committing an equal and opposite blunder in the direction of financial and fiscal orthodoxy.

Consider the starting point. British experience suggests that the problems of establishing closer monetary relations with Germany when it is going through the shock of unification are quite a handful. In the past week Mr Norman Lamont, the UK chancellor, has been granted a reprieve by the currency markets. But it remains to be seen whether the Tories can escape paying a swingeing electoral price for importing high real rates of interest at the depths of a recession.

In Spain and Italy, inflation has long since ceased to converge on the lower norms that prevail in north Europe. Their real exchange rates are appreciating within the exchange rate mechanism (ERM) and, like Britain, they face the challenge of reducing unit labour costs to below the German level to stabilise their real exchange rates at competitive levels. The French electorate is restive after years of high unemployment and low growth.

Yet in spite of this unpromising background we now have a draft treaty for European monetary union (Emu) that proposes tough convergence criteria that imply further anti-inflation discipline, including much tighter fiscal policy. This when the world's largest economy has no great room for fiscal expansion, the banking system is uncomfortably short of sound borrowers, unprecedented instability looms in the east and the more unpleasant forms of nationalism are reappearing around west Europe.

A monetary union cannot work without discipline to limit the scope for fiscal free riding. Since economic theory does not tell us what constitutes an excessive deficit, the draft Emu treaty gives the European Commission a mandate to scrutinise the fiscal policy of member states and identify what it calls, in truly medieval phraseology, "gross errors". We are, it seems, to have a European Fiscal Inquisition as well as a Emu.

The path of virtue, which permits entry into Emu, is being harshly defined. What might be dubbed the "let's-finger-Italy clause", calling for outstanding public sector debt and budget deficits respectively not to exceed 60 per cent and 3 per cent of GDP, also fingers a majority of the rest of the 12. Will the electorates really be prepared to tolerate the painful impact of the convergence criteria? And have the currency markets, which have a great deal riding on a progressive march towards Emu, adequately allowed for the risk of failure in present yield differentials in the ERM?

Clearly something has to give. And it is not hard to see the timetable stretching further into the future. But it is also clear from the draft and the annexed protocol on convergence that there is plenty of room for subjectivity in deciding who meets the criteria for participation in Stage Three of the process. That suggests the big boys of the Community will flex their muscles aggressively.

We shall learn, in due course, whether the Germans will ever regard Italian fiscal policy as other than grossly erroneous. Unless there is a much more dramatic enhancement of the Community budget and of plans to redistribute resources to the peripheral countries, it seems implausible that Greece, Portugal or Ireland would regard themselves as natural bedfellows in an optimal currency area with France and Germany.

The more interesting speculation is whether the north European countries have the will to see it through. The Germans have never been keen on Emu and regard it merely as a price that has to be paid for the more desirable goal of political union. The British readiness to stomach anti-inflationary discipline is untested and the parliamentary debate on Emu and the single currency has been side-tracked by trivia. An all-too-plausible case that a British government will at some time revert to devaluation is explored with characteristic elegance by Prof Charles Goodhart of the London School of Economics in a recent, notably downbeat, paper*.

Perhaps most intriguing of all is the position of the French, whose governmental elite has long been obsessed with currency stability. It was France that played the dominant part in establishing the flawed Latin Monetary Union of 1865, which came to an end in the Great Depression of 1873-1896. And it was the French who remained ferociously committed, in spite of continuing deflation, high unemployment and frequent changes of government, to the 1930s Gold Bloc. Only after a series of strikes led to the Popular Front government of Léon Blum did the French follow the precedent of the British.

France has enjoyed unprecedented stability over the past decade. But the strikes are looking nasty and an election is looming in 1993, not so long after the British and the Italians go to the hustings. The French may feel that President Mitterrand's international vision is increasingly hard to reconcile with domestic well-being. The most tangible and immediate outcome of the aspiration to ERM and Emu may thus be to bring about a decisive shift in European politics. Not to the left, which has little meaning in the present context, but to something that looks suspiciously like Keynesian orthodoxy – or the Louis XVI syndrome, if you prefer.

The economic consequences of John Major and Norman Lamont by Professor Charles Goodhart. LSE Financial Markets Group Special Paper No. 40.

Recognition of Ukraine

Continued from Page 1

rights, implementation of existing arms control treaties between the US and Soviet Union, as well as acceptance of the Ukraine's share of the country's foreign debt.

By far the most important area of concern is the relationship between Russia and the Ukraine.

US officials have not given up hope of moderate politicians in both republics working together to maintain some kind of economic union.

Mr Robert Strauss, the US ambassador in Moscow, said in a television interview yesterday that the old Soviet Union was "a thing of the past", but he thought that there was the possibility of a looser union emerging in the next 12 months or so.

Yeltsin agrees to rescue Soviet budget

By Leyla Boulton in Moscow

PRESIDENTS Boris Yeltsin and Mikhail Gorbachev struck a deal at the weekend to keep the Soviet Union's budget afloat even though their last-ditch efforts to retain the Ukraine within the union seemed doomed to failure.

After the Soviet central bank said it was cutting off funds for lack of cash, Russia agreed on Saturday to let it print money to pay the armed forces and employees of central ministries until the end of this year. But the deal, reached in face-to-face talks between the Russian and Soviet presidents, was conditional upon sharp spending cuts and the merging of the central and Russian budgets for the fourth quarter of this year, and possibly next year.

"We are talking about a so-called consolidated budget for Russia and the union. This is a rather tough budget, with tough obligations for all republics," Mr Yeltsin said after an emergency Kremlin meeting of republican leaders.

In return for the survival of some kind of union budget – allowing the continued functioning of union institutions such as the Soviet Foreign Ministry – Mr Yeltsin now in effect has the power to dictate what will survive of the central apparatus and what will be taken over by Russia.

Since January, Soviet republics have had their own budgets, separate from an all-union budget. But as central government has exceeded spending targets and republics have withheld payments for the all-union budget, the latter's deficit has mushroomed from a planned Rbs26bn ($15.3bn at the commercial rate) to approximately Rbs200bn. The republics are also running big deficits which account for the vast quantities of surplus roubles which have almost destroyed the Soviet currency.

The budget agreement came after Russia instructed its deputies not to provide a quorum for a Soviet parliamentary vote in favour of the new funds last Thursday.

Mr Viktor Gerashchenko, the central bank chief whose institution is in danger of being supplanted by the Russian central bank from January, said permission to issue an extra Rbs90.5bn was necessary to cover the fourth-quarter budget deficit and pay the military, as well as doctors and teachers on the central payroll.

While deputies from other republics in the new Soviet parliament backed the request, Mr Yegor Gaidar, Russia's deputy prime minister in charge of the economy, said this was the equivalent of signing a blank cheque for the old central authorities. By far the largest contributor of funds to the union budget, Russia wants to cut expenditure to save resources and to promote financial stabilisation.

The conditions set by Mr Yeltsin mean that although crucial bills for items such as army pay are met, the figure for extra emergency expenditure will probably be lower than Rbs90.5bn.

The budget issue is at the core of attempts to preserve a union. But having stitched together a deal for this year, the republics have yet to agree on a common budget next year.

Mr Yeltsin and Mr Gorbachev said their deal laid the foundations for sound budgetary policy in 1992.

Rouble alternative, Page 15

UK isolated on single currency opt-out clause

Continued from Page 1

rand of France, Mr Major is expected to press him to accept that defence policy is kept outside the framework of the Treaty of Rome. He will also underline his objections to the present provisions in the draft treaty amendments for Community control of social and industrial policies.

Britain's isolation on the opt-out issue emerged during a further round of ministerial meetings paving the way for the summit on economic and political union. Mr Wim Kok, Dutch foreign minister, said during a meeting of EC finance ministers that Britain would probably have to accept a special let-out clause.

British officials said finance ministers would be invited to the summit to help resolve outstanding issues on Emu.

Mr Jacques Delors, European Commission president, said a general opt-out clause, available to all EC states, would have been "a sword of Damocles hanging over Emu and creating uncertainty in financial markets".

The UK was abandoned by its only ally in demanding a broad clause when the Danish finance minister, Mr Anders Fogh Rasmussen, said that, while Denmark wanted a popular referendum before adopting a single currency, it "will not be part of an individual British protocol" on Emu.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	15	59	Berlin	C	4	39	Caracas	R	26	79	Faro	S	16	61	Islamabad	F	18	64
Algiers	F	19	66	Biarritz	F	13	55	Casablanca	C	17	63	Florence	S	11	52	Istanbul	F	7	45
Amsterdam	C	4	39	Bombay	S	28	82	Chicago	F	-5	23	Frankfurt	C	2	36	Jakarta	R	31	88
Athens	C	11	52	Bordeaux	F	13	55	Cologne	C	2	36	Geneva	C	3	37	Jersey	S	10	50
Bahrain	F	25	77	Boulogne	Fg	3	37	Copenhagen	C	5	41	Gibraltar	S	16	61	Johannesburg	T	22	72
Bangkok	F	33	91	Brussels	C	2	36	Corfu	S	16	61	Glasgow	C	8	46	Lima	F	23	73
Barcelona	C	14	57	Budapest	S	7	45	Dallas	C	4	39	Helsinki	Dr	5	41	Lisbon	F	14	57
Beirut	F	10	50	Buenos Aires	F	25	77	Dublin	C	7	45	Hong Kong	S	21	70	London	C	10	50
Belfast	S	7	45	Cairo	F	19	66	Dubrovnik		–	–	Innsbruck	S	5	41	Los Angeles	S	8	46
Belgrade	Dr	4	39	Cape Town	S	23	73	Edinburgh	C	9	48	Inverness	S	4	39	Luxembourg	Fg	-1	30

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	18	64	Milan	Fg	2	36	Nicosia	F	19	66	Salzburg	C	1	34	Tenerife	S	21	70
Madrid	Dr	10	50	Montreal	C	4	39	Oporto	F	14	57	San Francisco	S	11	52	Tokyo	S	15	59
Majorca	F	14	57	Moscow	C	2	36	Oslo	C	5	41	Seoul	S	8	46	Toronto	F	3	37
Malaga	S	16	61	Munich	C	-1	30	Paris	Fg	1	34	Singapore	F	30	86	Tunis	F	19	66
Malta	S	18	64	Nairobi	F	25	77	Peking	S	6	43	Stockholm	C	6	43	Valencia	F	14	57
Manchester	C	8	46	Naples	S	14	57	Prague	C	1	34	Strasbourg	C	1	34	Venice	S	8	46
Manila	C	29	84	Nassau	F	28	82	Reykjavik	Sl	5	41	Sydney	F	20	68	Vienna	C	3	37
Melbourne	C	16	61	New Delhi	S	19	66	Rhodes	S	16	61	Taipei	C	22	72	Warsaw	S	5	41
Mexico City	C	20	68	New York	R	17	63	Rio de Janeiro	C	34	93	Tangier	C	16	61	Washington	R	14	57
Miami	S	25	77	Nice	S	15	59	Rome	S	13	55	Tel Aviv	S	15	59	Zurich	C	0	32

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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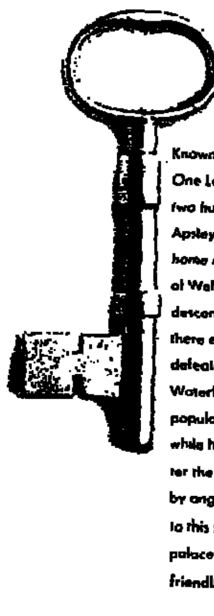

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INSIDE

Wimpey hopes to sell property portfolio

George Wimpey, the UK construction group, said it was seeking to liquidate its investment property portfolio, but denied reports that its entire property division was up for sale. Page 19

European venture capital fund

Eurocontinental Ventures, the UK venture-capital arm of the French Crédit Agricole bank, plans to launch a £50m ($88m) quoted investment trust to provide funds for smaller quoted companies in Europe. Page 19

Heinz refocuses energies

After a decade of enviable growth, the US foods group Heinz, headed by Mr Tony O'Reilly (left) has embarked on a "quiet restructuring" that is focusing the group's energies on higher-margin product lines and specialist brand names like Weight Watchers. Page 18

SNAM on course for float

SNAM, the gas,property and services subsidiary of Italy's state-owned ENI energy and chemicals group, is on course for a possible flotation next year, according to chairman Mr Pio Pigorini. Page 18

Canadian bank advances

Bank of Nova Scotia, Canada's fourth largest chartered bank, reported a 24 per cent rise in profits for fiscal 1991, helped by a steady decline in domestic interest rates and better interest margins. Page 18

Optimism at Veba

Veba, the diversified German group, expects 1991 profits to be at least as high as last year and is cautiously optimistic about 1992, despite the economic downturn in eastern Europe and the slowdown in Germany, chief executive Mr Klaus Piltz said. Page 18

French bank joins IBOS

Crédit Commercial de France has joined IBOS, the European electronic banking network launched in January by Royal Bank of Scotland and Banco Santander. Page 19

Market Statistics

Companies in this issue

TSB forms alliance with Italian bank

By Robert Peston in London

TSB Group, the UK banking group, has formed a strategic alliance with Cariplo, Italy's biggest savings bank.

A link has been formed between TSB's merchant and commercial banking arm, Hill Samuel, and the Italian bank. A co-operation agreement between the two has just been signed in Milan.

Mr Wenny Stevens, a Cariplo executive, has been based in Hill Samuel's London office for a year, to formulate a plan for linking the two banks.

He said that the two banks would attempt to generate business jointly in four areas:

- International banking and project finance:
- Corporate finance and the giving of advice on mergers and acquisitions:
- Development capital:
- Asset-based finance.

Mr Stevens said: "Hill Samuel has expertise, such as asset-based finance, which we do not have."

Cariplo and TSB Group have similar origins, as savings banks. Mr Stevens said it was possible the two groups would eventually want to take shareholdings in each other, but there were no plans yet.

TSB is regarded as vulnerable to takeover.

It has performed poorly since coming to the stock market in 1986, but its high street banking operation is widely viewed as an attractive business.

Cariplo is in the process of trying to buy Istituto Bancario Italiano, the Rome-based banking group.

Mr Hugh Freedberg, chief executive of Hill Samuel, said: "We believe that the relationship with Cariplo will enhance our international capabilities."

His opposite number at Cariplo, Mr Sandro Molinari, added: "This co-operation should benefit our customers with operations in the UK and Italy."

De Savary sells two British landmarks

By Andrew Jack in London

LAND'S END and John o'Groat's, mainland Britain's two most distant extremities, have been sold by Mr Peter de Savary, the Bermuda-based entrepreneur, to a company controlled by fellow expatriate Mr Graham Ferguson Lacey.

The two landmarks were sold to City Realties, a New Zealand property company effectively controlled by Mr Ferguson Lacey through Nycal, a US energy corporation.

The transaction took place in August, but has only now been made public. It is the latest in a series of low-profile asset sales by Mr de Savary in recent months. Mr de Savary refused to disclose how much money had exchanged hands. He denied that the sale was forced by his bankers.

Mr Cairns Boston, managing director of the new company, called the Land's End John o'Groat's Company, confirmed yesterday that what he called a "refinancing" had taken place on August 12 this year after development plans had been held up by "the current economic climate".

Mr Boston said that existing development plans to increase tourist facilities at the two sites will continue, with plans to spend £2.25m ($3.9m) at John o'Groat's on a three-star hotel and "a very up-market visitor experience" which would be "done very tastefully" with support from the Highlands & Islands Development Board.

Mr Boston said that Mr de Savary would remain on the board. Mr Peter Wall, chairman of City Realties, is the new chief executive. Other members include Mr Ferguson Lacey and Mr Anthony Walters, Mr de Savary's step brother.

Mr Lacey began his business life as a wallpaper salesman in Solihull. Between 1978 and 1982 he was involved in five British companies which collapsed, including the Birmingham Midland Counties Trust, his private holding company.

He moved to the US, where he founded the Church of Nations, a southern Baptist movement reported in 1987 to have a congregation of 15. In that year he visited Colonel Gadaffi, the Libyan leader, in his desert tent to appeal for the release of Mr Terry Waite, recently kidnapped in Beirut. Mr Boston described Mr Lacey last night as "a very nice fellow". He said: "We have got the basis of a very good team."

Hubertus von Grunberg

Jumbo deal era closes

By Kevin Done, Motor Industry Correspondent

THE WORLD'S tyre makers have long been obsessed with size, but Pirelli's decision to abandon its pursuit of Continental could signal a temporary end to the era of jumbo deals as the leading players pause to put their own houses in order.

Michelin, the world's biggest tyre maker, has faced some of the biggest problems exacerbated by its $1.5bn takeover at the end of 1989 of Uniroyal Goodrich, the US tyre producer, which left it highly indebted.

Michelin's group net loss almost trebled to FFr1.06bn ($190m) in the first half of the year under the burden of heavy exceptional costs, as it took the first steps towards cutting its workforce by 16,000, or 15 per cent, by the end of 1992.

Bridgestone, the leader of the Japanese tyre industry, is still to recover from its $2.6bn takeover of the ailing Firestone group of the US at the end of the 1980s. Bridgestone's American subsidiary made a net loss of $350m in 1990 and is expected to show a deficit of $400m this year.

Bridgestone says earnings have been hit by the recession in the world tyre industry and by heavy restructuring which includes the loss of 3,000 jobs in its US and European operations.

The industry is plagued by overcapacity, fierce price competition and, in some cases, onerous debt and stock levels.

New car sales worldwide have fallen this year by around 2.9 per cent, the largest sales reduction since the 1980-81 recession.

The US car market has declined for the third successive year, and most European new car markets are in decline with the notable exception of Germany.

Haig Simonian on the cost of the failed Conti takeover

Pirelli pays the price for a brave bid

Leopoldo Pirelli:

The collapse of the world tyre industry and a brave, if ill-timed, bid for Continental, its slightly bigger German rival, have together deflated Pirelli, once the champion of Italy's private-sector industry.

With a L670bn ($550m) loss forecast for this year, Pirelli's remedy is as bitter as the Continental bid was bold: even more restructuring and job losses on the tyres side; a big rights issue and the amputation of the smallest of its three areas of activity to raise further cash.

Pirelli hopes the measures, along with a L1,500bn bridging loan from Mediobanca, the blue-blooded Milan merchant bank which advised it on the Continental bid, will be enough to let it break even next year.

But the severity of the medicine and the admission of defeat over Continental begs the question of where Pirelli went wrong. To some extent, it has had bad luck.

All the world's leading tyre makers have seen profits slide as their industry has become locked into a seemingly endless spiral of declining demand, leading to cut-throat competition to preserve market share.

In the first half of this year, Pirelli Tyre Holdings (PTH), the group's tyres subsidiary which was spun off and floated in the Netherlands in July 1989, reported a Fl 86m ($47.2m) net loss, against a Fl 40.3m net profit in the first half of 1990. The forecast for the full year is for a bigger loss.

Other tyre makers, particularly those most exposed to the recession-hit US motor industry, have suffered at least as badly.

Saddled with an even bigger US subsidiary, Continental reported a 69 per cent fall in first half pre-tax earnings to DM31.5m ($19.5m) and has warned of a "significant loss" for the year, after taking into account the DM100m cost of closing its Canadian plant. Like Bridgestone and Michelin it has had no joy from a big acquisition in the US, where its General Tire group is still making heavy losses.

The loss at PTH, which accounts for around 40 per cent of Pirelli's consolidated sales, was bad enough.

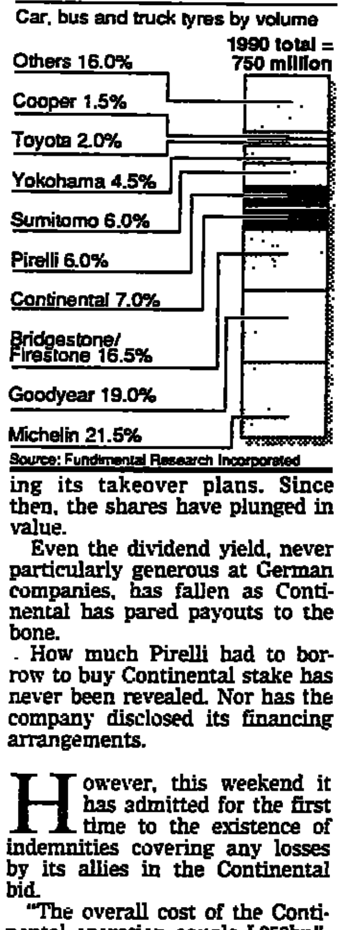
But the announcement of a L65bn interim loss for Pirelli itself, against a L137bn net profit for the same period last year, reflected the additional burden of the Continental bid.

The problem stems from the collapse in Continental's share price caused by the difficulties in the industry and the 14 months of uncertainty over the bid, launched in September 1990.

The takeover attempt has hit Pirelli two ways. First, it has suffered heavily on account of the financing costs of carrying the 5 per cent stake it patiently built up in Continental before unveiling its takeover plans. Since then, the shares have plunged in value.

International tyre market

Car, bus and truck tyres by volume



Source: Fundamental Research Incorporated

Even the dividend yield, never particularly generous at German companies, has fallen as Continental has pared payouts to the bone.

How much Pirelli had to borrow to buy Continental stake has never been revealed. Nor has the company disclosed its financing arrangements.

However, this weekend it has admitted for the first time to the existence of indemnities covering any losses by its allies in the Continental bid.

"The overall cost of the Continental operation equals L350bn", the company admitted on Saturday. Just four weeks ago, Mr Hubertus von Grunberg, the chief executive of Conti, met Mr Leopoldo Pirelli in Milan for talks amid signs that differences between the two companies had narrowed considerably.

While Pirelli holds 5 per cent of Continental, a variety of other, mostly Italian, allies, led by Mediobanca, bought between 2 per cent and 5 per cent of the German company each.

The unusual structure of the bid stemmed from the barriers erected by Continental (and many other German companies) to thwart hostile suitors.

Under Continental's rules, shareholders have a 5 per cent ceiling on their voting rights, irrespective of the number of shares they own.

To get round Continental's 5 per cent voting barrier, Pirelli and its advisers, principally Mediobanca, Morgan Stanley and Merrill Lynch, assembled a shareholding pact, in which each member would buy up to 5 per cent of Continental.

Although Pirelli claimed when the offer was launched to have the support of shareholders owning more than half Continental's capital, the true figure was probably between 30 per cent and 35 per cent.

That was still enough for the bid to be taken seriously.

In a press release after its board meeting on Saturday, Pirelli revealed what had for months been strenuously denied: the existence of indemnities to its allies for "equity losses and costs incurred" should the takeover not take place by the end of November 1991.

Under the arrangement, the indemnities would have to be paid by the end of next month.

It is that burden in particular which has obliged Pirelli to raise cash now.

Selling its diversified products division "and some other activities" should allow borrowing to be cut by more than L1,000bn, it said.

A flotation of its cables division, which accounts for about 43 per cent of group sales, must also be on the cards.

Such a move, along the lines of the PTH float, may well have been on the drawing board before Pirelli's latest problems came to light.

With the group struggling to raise cash until conditions improve, it must be almost inevitable now.

Free market ghosts may haunt Maastricht

Economics Notebook

By Andrew Fisher in Frankfurt and Peter Norman in London

Will the ghosts of Adam Smith and David Ricardo, the classical free market economists, be roaming uneasily around the corridors in Maastricht when the EC heads of government sit down in a week's time to hammer out the future shape of European political and monetary union?

Or will they be content to stay away, confident that the EC's commitment to free competition and opposition to state-directed industrial policies will not be eroded, even if only slightly, by the results of the historic summit in the Netherlands?

Evoking these spirits against that of Jean Baptiste Colbert, the French mercantilist who put his faith in the wisdom of the state, is Mr Wolfgang Kartte, the outspoken head of Germany's Federal Cartel Office.

He is deeply concerned that France will succeed in implanting an industrial policy clause into the EC Treaty and thus undermine the community's free market stance.

Mr Kartte is not alone in his fears. The Federation of German Industry (BDI) has warned about the competitive distortions that would arise if the EC were given wider powers to pursue industrial policies.

The Bonn economics and finance ministries are also against the French insistence on a treaty clause that would help industry to adjust to structural change, promote mergers, and encourage high-technology "industries of the future".

The views on the adoption of such a clause divide on roughly north-south lines.

Among France's backers are Italy, Spain, and Portugal.

Germany is supported by the UK, the Netherlands, Ireland, and Denmark.

One reason for this split is the obvious and understandable desire of countries in southern Europe to bring their industry up to north European standards, if possible with more EC financial help.

What worries Mr Kartte is that the argument might go to France by default. The big subjects at Maastricht will be political and monetary union. Industrial policy is not high on the agenda; thus a compromise could conceivably be agreed so as not to jeopardise the main issues.

"Nobody is bothering about this, and it is of such central importance", he said.

Adding to his concern is an interview in Friday's Frankfurter Allegemeine Zeitung, in which French president Mr Francois Mitterand says he and German chancellor Mr Helmut Kohl have agreed that "industrial policy should be part of Europe's responsibility".

The EC Commission itself has not been pushing for any extra industrial powers.

But if the French have their way, EC ministers would be able to decide by majority vote on industrial proposals put forward by the commission.

It could happen that, as some Bonn officials have suggested, the industrial clause is allowed to stay in, but the Council of Ministers obtains no corresponding powers.

For such determined free marketeers as Mr Kartte, even this would be too much. "The [industrial policy] goals would still be there." He has not forgotten the contumely heaped recently upon the head of Sir Leon Brittan, the EC's competition commissioner, when the commission turned down the purchase of De Havilland, Boeing's Canadian subsidiary, by Aerospatiale and Alenia, the French and Italian state-owned aircraft makers.

This decision was taken on competition grounds, but French and Italian ministers were furious that the attempt to create a large European commuter aircraft grouping had been thwarted.

It all comes down to the question of industrial champions. Should it be the job of the EC to help create these, or should the market hold sway as far as is possible in the complex industrial world of the late 20th century?

From the cartel office in Berlin, Mr Kartte rails against the idea of "doping" such champions with financial help and creating a new subsidy trough.

"One could call it the State against the Market, Jean Baptiste Colbert against Adam Smith."

He wishes Bonn officials had been more robust in trying to ward off the French proposals. For it can certainly not be in Germany's interests as the EC's biggest industrial member if Maastricht results not only in progress towards the vision of a united Europe, but also in the weakening of one of the principles that has led to EC prosperity.

Pumping Credit

On the other hand, Germany has some very effective ways of its own for promoting industry.

Nowhere is this more visible than in the activities of the Kreditanstalt für Wiederaufbau in the five new Länder, or federal states, of the former East Germany.

This federal and state owned institution, which was set up to help rebuild West Germany with Marshall Aid funds after the Second World War is pumping investment capital into the eastern Länder at a phenomenal rate and usually at interest rates that are considerably below those on the capital market.

The KfW has committed DM24.4bn ($15.10bn) in loans for investment in the new Federal states since it first began lending to eastern Germany in February 1990.

Some DM20bn of loans were approved in the first 11 months of this year, and so far DM15bn has been disbursed. Part of the lending is for infrastructure improvement and for tackling eastern Germany's appalling legacy of environmental pollution.

But some 43,000 loans, amounting to nearly DM14bn have been agreed for trade and industrial enterprises.

Altogether, the bank estimates that it has co-financed more than a quarter of all business investments made in eastern Germany and claims to have safeguarded or created 300,000 jobs.

While German government bonds currently yield around 8.3 per cent, private companies wanting to modernise or expand in eastern Germany can tap the KfW for long-term funds at interest rates of 7.5 per cent or 7.75 per cent, depending on the size of borrower and type of loan programme employed.

But do not such conditions involve unfair subsidy? Mr Gerhard Götte, the chairman of KfW's managing board argues not.

The KfW loans are approved by the European Commission and available to all investors in eastern Germany that meet KfW's lending conditions, irrespective of nationality. This means that British and other foreign companies can qualify for the loans.

KfW's top management is clearly revelling in the new lease of life given to their institution by German reunification.

After all, it is not so long ago that KfW appeared to be a historical left-over with limited growth prospects as a supplier of funds to Germany's small and medium sized industries and as the German government's development aid bank in the third world.

But the surge in its lending is not without problems. It is one factor behind the present strong growth in German money supply that is causing headaches in the Bundesbank.

Also, an outsider cannot help feeling a little queasy at the sight of a bank that will add DM50bn of lending this year to a balance sheet that totalled some DM135bn at the end of 1990.

Mr Götte explains that at most 10 per cent of this lending growth will be at the risk of KfW. The rest will be guaranteed by the government, Germany's Hermes export credit guarantee agency or it will be the liability of the KfW's commercial bank partners.

The credit rating agencies also seem satisfied and KfW expects to increase its lending at a slower pace next year.

But the experience of Anglo-Saxon countries in recent years has been that any such rapid expansion of credit inevitably leads to ill-advised investments.

This may be a lesson that Germany as a whole will have to learn once the first wave of reconstruction in the east dies down.

All the Securities have been sold. This announcement appears as a matter of record only and is not an offer of these Securities.

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October 1991

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Notice is hereby given that the Rate of Interest for the Interest Period from 30th November, 1991 to 30th May, 1992 is 5.78% per annum. Interest payable on 1st June, 1992 will amount to ¥2,882,082 per ¥100,000,000 principal amount of the Notes.

Agent Bank
The Long-Term Credit Bank of Japan, Limited
Tokyo

Notice of Redemption

UNILEVER FRANCE

FRF 250,000,000
10⅞% Guaranteed Bonds due 1992

Notice is hereby given that pursuant to paragraph 5(b) of the Terms and Conditions of the Bonds, the Issuer has elected to exercise its right to and shall redeem all the outstanding Bonds at the redemption price of 100⅞% of their principal amount on the interest payment date 23rd December 1991.
Payment of the Redemption Price will be made on and after surrender of the Bonds, together with all coupons appertaining thereto maturing on or after 23rd December 1991 at the offices of the paying agents.
Interest will cease to accrue on the Notes as from 23rd December 1991.
Luxembourg 2nd December 1991.

The Fiscal Agent
Banque Nationale de Paris (Luxembourg) S.A.

MANUFACTURERS HANOVER TRUST COMPANY

£75,000,000

Floating Rate Subordinated Capital Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the Interest Period 29th November, 1991 to 28th February, 1992 has been fixed at 10.8125 per cent per annum. The Coupon Amounts will be £134.55 for the £5,000 denomination and £1,345.47 for the £50,000 denomination and will be payable on 28th February, 1992 against surrender of Coupon No.28

Manufacturers Hanover Limited (a member of The Securities and Futures Authority)
Agent Bank

ENI subsidiary on course for possible flotation

By **Haig Simonian** in Milan

SNAM, the gas, property and services subsidiary *of Italy's state-owned* ENI energy and chemicals group, is on course for a possible *flotation next year, according* to Mr Pio Pigorini, the chairman.

ENI has already hinted at plans to quote SNAM and AGIP, its petroleum subsidiary, on the stock market. Speaking in New York earlier this year, Mr Gabriele Cagliari, ENI's chairman, said he hoped partial flotations could come as early as next year.

Since then, greater financial *pressures on IRI and ENI*, Italy's two biggest state holding companies, and the steady rise in the government's budget deficit, which could be partially alleviated by asset sales, have spurred speculation that privatisation may have to be accelerated.

Mr Pigorini said SNAM was already taking preliminary steps to prepare for a possible sale of shares to the public. However, he gave no indication of whether, or when, a flotation might take place.

"All our affairs are in the right condition to reward shareholders' capital adequately," he said.

"In accord with ENI, we are making a valuation of the company", in order to determine the price at which shares could be sold. However, the timing of any move *"depends on ENI", he stressed.*

Mr Pigorini forecast that SNAM's net profits this year would "be better than" the net *L670bn ($550.1m) after minority* interests in 1990.

The improvement would *come despite the increase* in its debt following the restructuring earlier this year of activities and debts at ENI's heavily loss-making EniChem chemicals subsidiary.

As a result of the complex transfers, SNAM now controls around 30 per cent of EniChem.

According to Mr Pigorini, the additional debt assumed "will aggravate our financial *position, but not* in a way significantly to damage the relationship with shareholders' funds and external resources."

SNAM's turnover is set to rise this year in line with the continuing *expansion of its* natural gas activities through agreements with leading foreign suppliers and through Italgas, the quoted domestic gas distribution company, in which it has a 45 per cent stake.

Italgas has been steadily expanding its natural gas distribution network and signing up new sales agreements with domestic and industrial users throughout Italy.

More recently, it has also been pushing ahead with an energetic diversification programme, which has taken it into new activites in the water *sector while also extending its* operations abroad.

NRI TOKYO BOND INDEX

December 1983 = 100	29/11/91	Average yield (%)	Last week	12 wks ago	26 wks ago
	PERFORMANCE INDEX				
Overall	165.82	6.04	165.51	160.29	155.42
Government Bonds	163.88	5.91	163.51	158.40	153.24
Municipal Bonds	168.20	6.24	167.87	162.11	157.19
Govt.-guaranteed Bonds	170.61	6.29	170.32	164.70	159.92
Bank Debentures	162.07	5.92	161.82	156.96	152.40
Corporate Bonds	168.83	6.65	168.71	162.53	158.13
Yen-denom. Foreign Bonds	173.10	7.15	172.87	167.36	163.90
Government 10-year†	5.99		6.02	6.28	6.58

† Estimated par yield

Source: Nomura Research Institute

Club Med expects to turn in loss of FFr17m

By **William Dawkins** in Paris

CLUB MEDITERRANEE, the leading French holiday village group, expects a sharp swing to a FFr17m ($3.07m) loss for the year to the end of October, against a FFr395m net profit in the previous year.

Mr Gilbert Trigano, group chairman, blamed most of the setback, the group's first loss for many years, on the impact of the Gulf war.

This hit Club Med *especially* hard since it traditionally earns 30 per cent of its turnover *from holiday villages on* the south and eastern Mediterranean, in Greece, Turkey, Israel, Morocco and Tunisia.

Club Med was also forced to close its two Yugoslavian villages by the civil war there.

Turnover slipped an estimated 10 per cent from last year's FFr8.2bn. Earnings were also eroded by the decline in air travel.

This took place just a year after Club Med bought control of two airlines, Air Liberté and Minerve.

That move was made in *anticipation of taking advantage* of the opportunities made available by the liberalisation of French air transport.

In the event, Club Med has reduced its stakes in the two airlines to 20 per cent each.

It will also make a provision of about FFr130m for its air transport investments in this year's accounts, said Mr Trigano.

"We have wiped the slate clean and will start again," he said.

NEC offshoot rescue

NEC, the Japanese computer and electronics company, has initiated a rescue plan for Japan Aviation Electronics, in which *it holds a 50.2* per cent stake, writes Steven Butler in Tokyo.

The aim is to alleviate the impact of penalties against the company by the international trade and industry ministry for the illegal export of missile components to Iran.

Heinz stirs to chairman's battle cry

Mr Tony O'Reilly, the Dublin-born rugby international who went on to head America's giant Heinz group, sips tea in his Pittsburgh headquarters, and sounds like a model of Irish good-humour.

But no one should be fooled. When, last summer, he coined the phrase "a quiet restructuring" to describe a quartet of moves under way at the food group, he was really sounding a battle cry.

Challenges confronting Heinz are formidable. First, like all the big US food manufacturers, it faces domestic markets which are forecast to show little overall growth in the current decade. It is true *that Heinz has more geographical* diversity than many rivals, but over half last year's operating profit – some $542m – still emanated from the US.

Secondly, the Pittsburgh-based company has a tough record to match. It virtually quadrupled its earnings per share during the 1980s, a *commendable achievement in the* mature food industry. In stock-market terms, meanwhile, Heinz's price-tag exploded to over $10bn, without the help of large acquisitions.

Moving into the 1990s, the picture is far less pretty. Heinz is heavily exposed to some of the most cut-throat areas of *the US food business* – pet food and the diet product sector through its Weight Watchers brand. In other main lines, such as soup, beans and baby food, business is more stable but scarcely high-growth. Even tuna – where Heinz holds a 40 per cent market share – has been bloody.

And, unlike some of its big rivals, Heinz does not even pretend that "new markets" hold all the answers. "I think they're going to be the seed-corn of the next decade," says Mr O'Reilly, when asked about the possibilities in eastern Europe, for example.

Instead, Heinz is tackling the growth *dilemma* with a panoply of initiatives which, if successful, will mean that the "quiet restructuring" translates into a significant repositioning of existing businesses. One manoeuvre was completed this summer. Heinz sold a corn starch business, Hubinger, making a pre-tax gain of around $221m, and acquired *JL* Foods, an Oregon-based food services company, for around $500m. Analysts see this as a sensible replacement of a fairly low-margin business, with one which fits snugly and offers more potential.

The extraordinary gain on Hubinger has provided financial leeway at a convenient time. This is being used to step

Nikki Tait finds Tony O'Reilly (left) determined to tackle slow-moving markets and open new ones in response to industry-wide pressures

up cost-cutting moves, and *fund an increased* marketing budget. Heinz confirms that the latter will increase by about one-fifth – around $100m – and will be targeted at defending brands in the most competitive markets.

Finally, as the fourth leg to the restructuring, Heinz has realigned the Weight Watchers division.

Mr O'Reilly *has no doubt* which element in this package he prefers to stress. "Will Heinz grow *at 10 to 12 per cent* compound over the next five years?" he asks. "My answer would be 'yes'. I'm reasonably confident that, unless *something extraordinary happens in* domestic food markets here or in currency parities overseas, we'll be able to achieve that goal."

"How will we achieve it? Well, the real engine of growth in this corporation is Weight Watchers. If you have a large part of your business growing *at 25 per cent per annum and* the rest at 8 to 10 per cent, you'll get about 12 per cent growth."

At face value, the aim for Weight Watchers seems ambitious. In the past, the operation split between the "classrooms" – a significant proportion of which are franchise operations – *and food products, notably* frozen entrees. Competition on both fronts has been intense. A heap of new "diet" systems have wooed the classroom customer. On the products side, powerful rivals are competing fiercely – witness ConAgra's successful Healthy Choice brand, and Lean Cuisine from Nestlé's Stouffer unit.

Heinz's planned counter-attack has various fronts. Some responses are conventional: increased marketing expenditure in time for the post-Christmas season and new product lines. The Pittsburgh group has also combined the WW manufacturing divisions, previously divided between its Heinz USA and Ore-Ida frozen potato subsidiaries, so that there is one clear profit centre.

But Heinz is also looking to milk the reputable Weight Watchers brand. Executives talk enthusiastically of cross-promotion – encouraging dieters to order through classrooms, for example, or pushing the classrooms alongside the products. In practice, this is *not quite as simple as it* sounds; aside from the logistics of supplying via classrooms, there is the potential danger that supermarkets will be alienated if customers start buying from a different source.

In addition, Heinz is on the prowl for new outlets. For example, it is supplying six WW *items to Grand Metropolitan's* Burger King, as the fast-food chain test-markets "a lighter menu" on customers. Having started the initiative in one restaurant in Miami, Burger King is now experimenting in four regional markets, encompassing 155 outlets.

But even if WW wins *through in diet foods, Heinz's* second big headache, pet foods, show no *sign* of letting up. Here, the problem stems largely from a surfeit of players, exasperated by the aggressive entry of *Grand Met's Alpo* subsidiary into the cat food business, and cut-throat competition.

"We got truely insane pricing," admits Mr O'Reilly, "and we *have a brand too many*. It would probably be fair to say that nobody is making any *money in the conventional* canned pet food business, on a fully-costed basis." This time, Heinz's response has involved a streamlining of manufacturing, with 10 factories now reduced to four, and part of the current increased marketing will go on brand promotion. Heinz has also pushed harder in the dog food market, increasing share there.

"We're satisfied but grim-faced about the cordite," says the Heinz chairman. "But there's no sign of battle abating – someone *will* have to drop out."

Elsewhere, it should be added, matters are more cheerful. While domestic profits were pressured in the main areas last year, Heinz's international businesses fared fairly well overall, increasing operating profits to $495.4m from $354.9m. This, admittedly, was helped by currency movements, but both the Italian and UK businesses contributed good operating performances.

And even if Mr O'Reilly is sceptical about the hype surrounding some "new markets", he is still enthusiastic about *possibilities in continental* Europe and – more surprisingly – Africa. "If you talk about the Mediterranean basin, we're extremely aggressive; we're very pleased with our Italian business. We see some opportunities in the Middle East – in fact, we're opening a small plant in Egypt, making ketchup with a Kuwaiti partner."

And South Africa? O'Reilly *points out that the company* has thriving business in Botswana and Zimbabwe, and claims the Heinz name still has some kudos in this region. So, despite the domestic pressures, he thinks there may still be something to spare on this score: "We hope to make an investment in South Africa in the next 12 months," he says, bloodied but unbowed.

SOCIETE CONCESSIONNAIRE FRANCAISE POUR LA CONSTRUCTION ET L'EXPLOITATION DU TUNNEL ROUTIER SOUS LE MONT-BLANC

FRF 450,000,000 FLOATING RATE NOTES 1987-1997

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from November 29, 1991 to February 27, 1992 has been fixed at 9.9375 per cent per annum.

On February 28, 1992 *interest of FRF 251.20 per FRF 10,000* nominal amount of the Notes, and interest of FRF 2,511.98 per FRF 100,000 nominal amount of the Notes will be due against coupon no. 18.

Notices to holders, including notices relating to the quarterly determination of interest rates, will be published only in "L'Agence Economique et Financière" (Paris) and in "The Financial Times" (London).

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme

CREDIT LOCAL DE FRANCE - CAECL S.A.

U.S.$2,000,000,000
Euro-Medium Term Notes
SERIES NO.12
FFC725,000,000 inverse floating rate notes 1996
TRANCHE NO.1

Notice is hereby given that for the interest period 2 December, 1991 to 2 March, 1992 the notes will bear interest at 3 ¹⁵/₁₆% per annum.

Interest payable on 2 March, 1992 will amount to FF4,976.56 per FF500,000 denomination.

Agent: Morgan Guaranty Trust Company

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U.S. $92,000,000

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Guaranteed on a subordinated basis by

Consolidated Press Holdings Limited

Notice is hereby given that for the six months Interest Period commencing 29 November, 1991 to 29 May, 1992 the Notes will bear a Rate of Interest of 5.6875% per annum.

The Interest Amount payable on 29 May, 1992 will amount to U.S. $28,753.47 per U.S. $1,000,000 Note.

The Mitsubishi Bank, Limited
London Branch
Agent Bank

Bank of Nova Scotia surges to C$633m

By **Robert Gibbens** in Montreal

BANK of Nova Scotia, Canada's fourth largest chartered bank, reported a 24 per cent rise in profits for fiscal 1991, helped by a steady decline in domestic interest rates and better interest margins.

The quarterly dividend is being increased from 25 cents to 26 cents a share.

Earnings for the year were C$633m (US$560m), or C$2.81 a share, up from C$512m, or C$2.33, a year earlier. Return on average assets was 0.71 per cent against 0.61 per cent.

Fourth-quarter profit was C$165m, or 72 cents a share, against C$110m, or 48 cents, a year earlier. Total assets at October 31 were up slightly at C$88.7bn.

For the year, net interest income climbed 28 per cent. Domestic lending was strong and cash receipts from Brazil were C$47m. The brokerage subsidiary made a good contribution. Non-interest expense was up 12.5 per cent, reflecting network expansion.

The loan-loss provision was up 57 per cent at C$374m, reflecting the long recession. Net non-performing loans at October 31 were C$1.53bn, up C$328m. Provisions covered 64 per cent of the bank's C$3.6bn of foreign risk exposure.

Correction

Anglo American

ANGLO American Corporation of South Africa raised its *interim dividend by 6 per cent* to 90 cents a share. This was incorrectly stated as 85 cents in last Friday's edition.

Veba forecasts matching of profits

By **Andrew Fisher** in Frankfurt

VEBA, the German energy, chemicals, and trading group, expects profits in 1991 to be at least as high as last year and is *cautiously optimistic* about 1992, despite the economic downturn in eastern Europe and the slowdown in Germany, said Mr Klaus Piltz, the chief executive.

He said this confidence was reflected in the size of its investment plans – DM30bn ($18.4bn) during the next five years, including *DM7bn* in east Germany – all of which could be financed internally. Veba has already announced a 1 per cent rise in net profits to *DM614m for the first nine* months, with turnover 11 per cent higher at DM44bn. The dampener *on profits* has been the poor trend in the chemicals sector.

Mr Piltz, who was giving details of a reorganisation within the group, said turnover had risen by about 50 per cent over the past five years to nearly DM60bn in 1991. Its workforce went up by 50,000 to 120,000 over the same period, he added.

He said *DM13bn*, or 43 per cent, of the planned capital spending would be in the *electricity sector, followed* by chemicals with 23 per cent, and oil with 18 per cent.

On the electricity side, Veba's PreussenElektra subsidiary would be extending its east German network and working with other producers.

Notice to the holders of

SPECTRA-PHYSICS INTERNATIONAL FINANCE N.V. $US 15.000.000. - 8% CONVERTIBLE SUBORDINATED GUARANTEED DEBENTURES DUE 1994

Notice is hereby given to the Debenture holders that Banque Ippa et Associés S.A. (formerly Bank of America International S.A.) resigned as Paying and Conversion Agent in respect of above Debentures and that Banque Internationale à Luxembourg S.A. has been appointed as successor to the function of Paying and Conversion Agent with effect from the date of December 2nd, 1991. Accordingly for the next interest payment date which shall be December 15th, 1991, payment shall be made by Banque Internationale à Luxembourg S.A.

The former Paying and Conversion Agent	The successor Paying and Conversion Agent
Banque Ippa et Associés S.A	Banque Internationale à Luxembourg S.A
43, boulevard Prince Henri	2, boulevard Royal
L-1724 LUXEMBOURG	L-2953 LUXEMBOURG

WORLD BANK

International Bank for Reconstruction and Development

U.S. $250,000,000
U.S. Dollar Floating Rate Notes due February 1994

For the interest period 29th November, 1991 to 28th February, 1992 *the Notes will carry an interest rate of 4.8404 % per annum with a* coupon amount of U.S. $122.35 per U.S. $10,000 Note, payable on 28th February, 1992.

Bankers Trust Company, London — Agent Bank

This notice is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase, any securities.

Application has been made to the London Stock Exchange for the whole of the Zero Dividend Preference Shares to be admitted to the Official List. It is expected that listing will become effective and dealings *in the Zero Dividend Preference Shares* and the revised warrants will commence on 2nd December, 1991.

The Pacific Property Investment Trust PLC

to be renamed

The Hong Kong Investment Trust PLC

(An Investment Company under S.266 of the Companies Act 1985 Incorporated in England: Registered No. 2336023)

Capitalisation issue of 20 million Zero Dividend Preference Shares of 20p each

Following the approval of proposals by Ordinary shareholders at an Extraordinary General Meeting of The Pacific Property Investment Trust PLC and by Warrant holders at a separate meeting both convened for 29th November, 1991, a change in the Company's investment policy, a change of name and the reorganisation of the Company into a split capital investment trust have been implemented.

Details may be obtained during normal business hours from the Company Announcements Office of the London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2 by collection only, up to and including 4th December, 1991 or during normal business hours on any weekday up to and including 16th December, 1991 *from:*

S G Warburg Securities	Gerrard Vivian Gray	The Pacific Property Investment Trust PLC
1 Finsbury Avenue	88 High Holborn	Knightsbridge House
London EC2M 2PA	London WC1V 6LS	197 Knightsbridge
		London SW7 1RB

Details will be included in the Companies Fiche Service available from Extel Financial Limited, 37-45 Paul Street, London EC2A 4PB from 3.00 p.m. on 3rd December, 1991.

Dated 2nd December, 1991

SCOTLAND

The FT proposes to publish this survey on December 13 1991.
from its print centres in Tokyo, New York, Frankfurt, Roubaix and London. It will be read by senior businesspeople and government officials in 160 countries worldwide. It will also be of particular interest to the 130,000 directors and managers in the U.K. who read the weekday FT. If you want to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with Scotland call

Kenneth Swan on 031 220 1199 or Fax: 031 220 1578 37 George Street, Edinburgh EH2 2HN

Data source: BMRC Businessman Survey 1990

FT SURVEYS

CHEMICAL NEW YORK CORP
US$300,000,000 FLOATING RATE SENIOR NOTES DUE 1999

In accordance with provisions of the Notes, notice is hereby given that for the interest period from 29 November 1991 to 31 December 1991 the Notes carry an interest rate of 6⅞% per annum. The interest payable on the relevant interest payment date 31 December 1991 against coupon no 85 will be US$46.67 per US$10,000 Note.

ChemicalBank
Agent Bank

To the holders of

Mortgage Capital Trust I

Collateralized Mortgage Obligations, Series A

Class A-1 Bonds Due 1st June, 2017

Notice is hereby given that the interest rate on the Class A-1 Bonds for the interest period 1st December, 1991 through 1st March, 1992 is 5.60% per annum.

By: Bankers Trust Company, as Trustee.

MELLON BANK NA
US$250,000,000 FLOATING RATE, SUBORDINATED CAPITAL NOTES DUE NOVEMBER 1996

Notice is hereby given that for the period 29 November 1991 to 28 February 1992 the Notes will carry an interest rate of 5⅞% per annum.
Interest payable on 28 February 1992 will be US$663.54 per US$50,000 note.

ChemicalBank
Agent Bank

M.W. MARSHALL & COMPANY LIMITED

Marshalls would like to wish the compliments of the Season and every success in 1992 to all their clients and thank them for their support during the past year

A donation will be made to charity in lieu of Christmas cards.

Auto Funding PLC
£220,000,000
Class A Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the two month period ending 31st January, 1992 has been fixed at 11.3375% per annum. The interest accruing for such two month period will be £195.15 per £10,000 Note on 31st January, 1992 against presentation of Coupon No. 1.

Union Bank of Switzerland
London Branch Agent Bank
29th November, 1991

To the Holders of
Duty Free International, Inc.
7% Convertible Subordinated Debentures due April 15, 2001

Pursuant to Section 12.6 of the Indenture, dated as of April 15, 1991, between Duty Free International, Inc. and The Chase Manhattan Bank (National Association), as Trustee, under which the above Debentures were issued, notice is hereby given that effective July 5, 1991 the adjusted conversion rate for the above Debentures is 43.24 shares of Common Stock for each $1,000 principal amount of Debentures.

Duty Free International, Inc.
By The Chase Manhattan Bank (National Association), as Trustee

Dated: November 15, 1991

IG INDEX
TELEPHONE 071-828 7233

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If you have a View, take a Position
Contact Adrian Francis on 071-245 0088
ECU Futures Plc, 29 Chesham Place, SW1X 8HL
Dealing Hours from 8.00 am to 9.15 pm.

هكذا من الأصل

Wimpey seeks to liquidate investment property side

By Jane Fuller

GEORGE WIMPEY, the construction group, said yesterday that it was seeking to liquidate its investment property portfolio, while denying weekend reports that its entire property division was up for sale.

"We are not abandoning property," Wimpey said. It would continue to develop and trade in property.

Wimpey, the UK's second largest house builder after Tarmac, has embarked on a disposal programme to reduce debts which stood at £372m – gearing of 58 per cent – at the end of June.

Borrowings had been expected to approach £400m by the end of this year, a situation eased in October by the £105m sale of its waste management business.

While it has already agreed the £110m disposal of its largest single property interest, a 50 per cent stake in the Little Britain development in London, the cash will not become available until the second half of next year.

Joe Dwyer: fixed reduction in gearing targets

Wimpey said that it had other properties for which it was trying to get tenants or buyers. "In the current climate you have to get a tenant before you can get a buyer."

The group, which has 34 per cent of its shares in the hands of a charitable trust set up by its original driving force, Sir Godfrey Mitchell, has eschewed a rights issue to raise cash.

In addition to the goal of reducing gearing to less than 50 per cent, set by Mr Joe Dwyer, its current chief executive, it also needs money to replenish its UK housing land bank and to re-equip its quarry businesses in the UK and US.

Wimpey's share price fell 12p to 135p on Friday, close to the year's low of 133p. Along with other construction stocks, it was dragged down by YJ Lovells announcement that it was making £62m of provisions against the value of development property and would pay no final dividend.

Mr Robert Sellier, Lovell's chief executive, warned that he saw no recovery in the construction sector in 1992.

Europa loss rises but set for restructure

RESTRUCTURING and possible refinancing of Europa Minerals should be completed before the end of the current year, said Mr Arthur Smith, the new chief executive, after reporting a substantially higher loss in the half year ended July 31, writes Kenneth Gooding.

The mining finance house suffered a pre-tax deficit of £2.45m, compared with £576,000.

"The company is too small and we have been trying to find a set of assets to take us forward with a leap. We think we have identified a company with those assets and, in conjunction with our advisers (Lazards), we hope to have something in place soon," he said.

It was floated in February 1989 at 100p a share. On Friday the shares were 7p.

There was an operating loss of £458,000 at Burmine, the 41.8 per cent-owned gold mining company in Australia. Burmine's results are now fully consolidated and this change was mainly responsible for Europa reporting turnover for the half-year up from £3.98m to £8.3m.

Two more venture companies move in on the quoted market

By Charles Batchelor

THE TREND for venture capital companies to make investments in quoted companies as well as in unquoted which form their traditional target market, is gathering pace with the launch of two new funds.

Eurocontinental Ventures, the UK venture capital arm of the French Credit Agricole bank, plans to launch a quoted investment trust to provide funds for smaller quoted companies throughout Europe "very shortly." It hopes to raise about £50m.

Eurocontinental had planned to launch an unlisted fund but was advised that a listing, in investment trust form, would improve its chances of raising funds.

This follows the successful raising of a £60m fund for quoted investments by Causeway Capital.The Causeway fund will make medium-term investments in smaller listed or USM companies, many of which find it impossible to raise funds by means of a rights issue.

Causeway, part of the privately-owned Causeway Group, already has £100m of venture capital finance under management. It raised a £60m unquoted companies fund last year and still has £45m-£50m available to invest.

A third attempt to raise a fund-making quoted company investments was unsuccessful. Dartington, a Bristol-based merchant bank was looking for £20m-£50m earlier this year but failed because of its lack of a track record in venture capital. Dartington has a very small fund, Avon Enterprise Fund, with less than £3m managed.

Venture capital has emerged over the past 12 months as an alternative source of finance for small listed and USM companies.

Pension fund managers criticised

OVER ONE third of occupational pension fund managers are not accurately assessing the performance of their funds, a new survey reveals, writes Andrew Jack.

In addition, only 7 per cent of funds provide any training in investment techniques to their trustees, and 30 per cent provide no training for them.

Nearly one quarter of funds are over-estimating their returns compared with their competitors, and 15 per cent are under-estimating their performance, according to a report of a survey of 205 funds conducted for the Alexander Consulting Group, a firm of actuaries and pension consultants.

The report suggests that outperformance of funds during the 1980s has led to complacency, with managers not as attentive to the figures as they should be.

One third of funds provide no formal training for trustees. This helps explain why 41 per cent were classified as "passive". The active were involved in contribution rates and benefits, rather than detailed investment management.

About 37 per cent of funds have held contribution holidays, and 21 per cent are currently continuing to do so.

Pension fund investment survey. The Performance Challenge. The Alexander Consulting Group, Export House, Cawsey Way, Woking, Surrey. GU21 1YU. £95.

Royal Bank's IBOS joined by Crédit Commercial

By David Barchard

CREDIT Commercial de France has joined IBOS, the European electronic banking network launched in January by Royal Bank of Scotland and Banco Santander.

Business customers of the three banks will now have access to the 2,500 branches of all three in Britain, Spain, and France.

The IBOS system allows small businesses and some personal customers to transfer funds cheaply across borders and to use the facilities of banks in other countries as if they were operating in branches of their own bank.

Royal Bank of Scotland said it was in negotiations with several other banks to expand IBOS into a system covering most of Europe with a broader range of services.

At present customers can make international transactions including cash withdrawals, standing orders, and money transfers between accounts through IBOS, and they will soon be able to use the system to check funds available in accounts held by another bank in another country..

Huntingdon agreed offer for Travers Morgan

HUNTINGDON International has made an agreed offer to acquire Travers Morgan on the basis of 0.2692 shares for each Travis Morgan share.

That values each Travers share at about 60p and the whole capital at some £9.5m; there is a cash or loan note alternative. Holders representing nearly 72 per cent of the shares have agreed to accept.

Full acceptance will mean Huntingdon issuing 4.3m shares.

Principal activity of Travers is the provision of multi-disciplinary professional services in engineering, management, transport and environment. In the year ended April 30 1991 it incurred a pre-tax loss of £1.1m on turnover of £32.6m; losses per share were 6.4p.

Financing in hand for Hardanger

Valeroy Company, which was incorporated in Hong Kong especially for the purpose, is to subscribe for 23.3m shares in Hardanger Properties at 10p each and make available a five-year loan facility of £2.75m.

The subscription agreement contains conditions, including finalising agreements with secured lenders of the company to restructure their outstanding loans, and agreeing satisfactory arrangements with other creditors.

Pathfinders shares suspended at 10p

The Pathfinders Group successfully asked for dealings in its shares to be suspended last Friday as it was in talks that might lead to acquisitions. The suspension price on the USM was 10p.

The targets are two "substantial" unquoted companies in the distribution sector. The acquisitions would be subject to shareholders' approval and to a substantial fund raising underwritten by Smith New Court, with Williams de Broe as joint brokers.

Champion subscribes £2m to lift Airbreak stake

Airbreak Leisure Group has entered into certain agreements and arrangements with Champion Holdings, one of the largest tour operators in the UK, whereby Champion has agreed to subscribe £2m for 5.71m new ordinary shares in Airbreak at 35p each.

Following the subscription Champion's shareholding in Airbreak will represent approximately 19 per cent of the enlarged capital.

The new shares will be allotted in tranches against payment, which is to be made in 12 instalments with a first one sof £500,000 immediately following passing of resolutions at an EGM to be held on Christmas Eve.

Proceeds will be used by Airbreak to provide additional working capital for the continued organic expansion of the company.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
RWE Germany	Consolidation Coal (US)	Coal mining	£503m	RWE continues international growth
Ifint (Luxembourg)	Exor (France)	Drinks	£191m	Partial bid by Agnelli
Caribbean Ipsat (India)	Sibalsa (Mexico)	Steel	£124m	Privatisation deal
Siemens (Germany)	Unit of Skoda (Czechoslovakia)	Energy generation	est £95m	Siemens wins long race
Marrel (France)	Edbro (UK)	Hydraulic equipment	£24.2m	Recommended cash offer
Perkins Foods (UK)	Cogel (Luxembourg)	Frozen food	£16.1m	Profit-related price
Volex Group (UK)	Cable products (US)	Specialist wiring	£14.6m	US debut move
Whirlpool (US)/ Tatramat (Czech)	Whirlpool Tatramat (JV)	White goods	£7.7m	Production & marketing venture
Polygram (Holland)	Palace Productions (UK)	Films	£7m	Could result in control
John Mowlem (UK)	Bau-Tec (Germany)	Construction productions	£5.2m	Rare UK East German buy

Source: FT Mergers + Acquisitions International

There was a rush of international corporate activity last week, writes Brian Bollen. While no one sector dominated, the deal *flow did include two bids for French mineral water concerns.*

First was the partial bid by Italy's Agnelli family for Exor, the food and drink holding company which controls Source Perrier. The bid complies with local takeover regulations and advances the diversification programme pursued in recent years by the Agnelli companies.

Investment bank CS First Boston enjoyed a busy week, announcing and updating several transactions in different *jurisdictions in which it has advised.* CSFB is advising Hospital Corporation International of the US in its rescue of private UK healthcare company Bioplan Holdings via a reverse takeover. Bioplan is being advised by Price Waterhouse and Smith New Court.

CSFB is also advising the Australian government in its award of a mandate to build Australia's second telecommunicatons network. As part of this deal, the international consortium Optus Communications will pay the government A$800m to buy debt-burdened satellite services concern Aussat as the basis for the new carrier.

CSFB is advising Tatramat, Czechoslovakia's leading washing machine maker, in its joint venture with Whirlpool International.

The week confirmed Germany's status as Czechoslovakia's biggest foreign investor, with electronics company Siemens beating off stiff competition to win control of Skoda Pilsen, the country's main producer of energy generating plants.

NOTICE OF REDEMPTION

HUDSON'S BAY COMPANY

10% Debentures due 15 February 1994

Notice is hereby given that, pursuant to the terms of the Trust Indenture dated as of 15 February 1979 between Hudson's Bay Company (the "Company") and The Canada Trust Company, as Trustee, as supplemented by a Supplemental Trust Indenture dated as of 28 February 1989 between the Company and Montreal Trust Company of Canada providing for the resignation and replacement of The Canada Trust Company by Montreal Trust Company of Canada, as Trustee (where Trust Indenture and Supplemental Trust Indenture shall herein collectively be referred to as the "Trust Indenture"), the Company will redeem on 15 February 1992, all of the outstanding 10% Debentures, due 15 February 1994 (the "Debentures") at a price of 100% of the principal amount. Payment of the redemption price will be made in lawful money of the United States upon presentation and surrender of such Debentures together with all unmatured coupons to one of the Paying Agents listed below:

BANK OF MONTREAL
11, Walbrook
London EC4N 8ED England

BANK OF MONTREAL
1 First Canadian Place
Toronto, Ontario, Canada, M5X 1A1

BANQUE GENERALE DU LUXEMBOURG, S.A.
14 rue Aldringen
L-2951 Luxembourg

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Avenue des Arts 35
B-1040 Brussels, Belgium

SWISS BANK CORPORATION
Aeschenvorstadt 1
CH-4002 Basle, Switzerland

UNION BANK OF SWITZERLAND
Bahnhofstrasse 45
CH-8021 Zurich, Switzerland

The amount of any missing unmatured coupon (U.S. $100) will be deducted from the redemption price. Interest will cease to accrue on the Debentures from and after 15 February 1992.

25 November 1991

HUDSON'S BAY COMPANY

CITICORP
MORTGAGE SECURITIES, INC.

REMIC Pass-Through Certificates, Series 1987-13
US$57,057,000 Initial Stated Amount
of Class A-1 Citicertificates

For the period 1st December, 1991 to 1st March, 1992 the Class A-1 Citicertificates will carry an interest rate of 5.75% per annum with an Interest amount of US$10.71 per US$1,000 (the Initial Stated Amount of an individual Citicertificate) payable on 1st March, 1992. The Stated Amount of the Citicertificates outstanding will be 74.52471805% of the Initial Stated Amount of the Citicertificates, or US$745.25 per individual Citicertificate until 1st March, 1992.

2nd December, 1991

Security Pacific National Bank, London – Agent Bank

Kleinwort Benson Limited

KLEINWORT BENSON GROUP plc
(formerly Kleinwort Benson Lonsdale plc)

US $100 million
Primary Capital
Undated Floating Rate Notes

US $125 million
Primary Capital
Undated Floating Rate Notes (Series Two)

For the interest period 29 November 1991 to the 29 May 1992 all the above Notes will carry a Rate of Interest of 5⅜ per cent per annum with a coupon amount of US$268.58.

CHEMICALBANK
Agent Bank

HILL SAMUEL OVERSEAS FUND
SICAV
Luxembourg, 11, rue Aldringen
R.C. Luxembourg n° B 8422

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Shareholders will be held at the registered office of the company on December 13, 1991 at 2.30 p.m. with the following agenda:

Agenda

1. Submission of the management report of the Board of Directors and of the report of the Authorized Independent Auditor.
2. Approval of the annual accounts and appropriation of the results as at September 30, 1991.
3. Discharge to be granted to the Directors for the proper performance of their duties for the period ended September 30, 1991.
4. Receipt of and action on nomination for election of the Directors for a new statutory term of one year.
5. Any other business.

The shareholders are advised that no quorum for the items of the agenda is required and that the decisions will be taken at the majority of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

By order of the Board of Directors

TOPS SERIES III LIMITED
(Incorporated with limited liability in the Cayman Islands)

U.S. $110,000,000

Series III Floating Rate Trust Obligation Participation Securities due 1992

Secured by a Charge on a Portfolio of Fixed Rate Bonds and Notes with an aggregate principal amount of U.S. $159,810,000

For the period 2nd December, 1991 to 2nd June, 1992, the securities will carry an interest rate of 5.0875% per annum with a coupon amount of U.S. $6,465.36 per U.S. $250,000 denomination and U.S. $12,930.73 per U.S. $500,000 denomination, payable on 2nd June, 1992.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

Italex Limited

US$ 230,000,000
Unsecured Floating Rate Notes due 1989 to 1992

On November 19, 1991, Notes for the amount of US$ 28,750,000 have been drawn for redemption at par on the next Interest Payment Date, i.e. January 2, 1992.

The following Notes will be redeemable, coupon No. 13 attached:

00005	00098	00167	00321	00368	00453	00523	00630	00692	00799	00867
00009	00109	00187	00322	00369	00468	00526	00637	00700	00818	00898
00026	00111	00194	00327	00378	00475	00536	00639	00708	00820	00910
00027	00118	00197	00332	00398	00477	00544	00650	00719	00824	00919
00041	00132	00220	00333	00405	00481	00560	00659	00741	00831	00920
00045	00139	00237	00335	00423	00486	00574	00667	00756	00832	
00047	00142	00247	00339	00424	00490	00597	00668	00771	00834	
00050	00151	00263	00340	00428	00497	00607	00674	00776	00843	
00073	00152	00285	00346	00433	00510	00621	00681	00777	00854	
00083	00163	00293	00348	00435	00511	00623	00684	00785	00860	
00090	00164	00312	00359	00451	00517	00624	00689	00797	00863	

Amount outstanding: US$ 28,750,000

Notes previously drawn and not yet presented for redemption: none

Luxembourg, December 2, 1991

The Principal Paying Agent
Kredietbank Luxembourg

midland metro

Midland Metro Line 1.
Prequalification of tenderers process (public works concession).

Centro (the West Midlands Passenger Transport Executive) is seeking to prequalify tenderers for the public works concession for Line 1 of the Midland Metro light rail, rapid transit system.

Line 1 will run from Snow Hill railway station in Birmingham to Bilston Street in Wolverhampton. The services required are the design, construction, supply of equipment, operation and maintenance of a light rail, rapid transit system.

QUALIFICATIONS

Centro is seeking to prequalify tenderers who fulfil the following criteria:

(i) The organisational, managerial and technical capability to manage the design and construction of the system.

(ii) Proven experience of designing, procuring, constructing, operating and maintaining light rail or comparable systems.

(iii) The financial strength, commitment and capability to finance its contribution to the construction costs and financial commitment during the period of the concession.

(iv) Previous success in competitive bidding situations.

(v) The capability and commitment to achieving an excellent standard in the design and aesthetics of the system.

(vi) The capability and commitment to establish and support an effective operation of the system for the period of the concession.

Details of the information required from the candidates are set out in the Information Pack referred to below, these include the requirements of Articles 23, 24, 25 and 26 of EC Directive 71/305/EEC as amended by Directive 89/440 EEC.

AWARD CRITERIA

The criteria for the award of the Concession will be stated in the invitation to tender.

Persons invited to tender will be required to specify in their tenders the percentage, if any, of the total value of the work for which the Concession is to be awarded which they intend to assign to third parties.

OTHER INFORMATION

Centro invites submissions from firms and consortia who wish to be invited to submit full tenders. Centro intends that, following the receipt of submissions, it will select no more than three parties to be invited to tender. Tenders will be invited for all the services required and not part only. Requirement for bonds or guarantees in connection with the contract itself will be set out in the tender documents.

Candidates should apply for an Information Pack which may be obtained from Centro by writing to the Director General, Department M, at the address below. This contains further details of the Project and sets out the information which must be provided in submissions and the form which submissions should take. Please note that any communications by telefax must be confirmed by post.

The final date for the receipt of candidatures is NOON-GMT on 20th January 1992. They should be written in English and sent to:

The Secretary and Solicitor
Centro
16 Summer Lane
Birmingham
B19 3SD
ENGLAND

Telephone No: 021-214 7112. Telefax: 021-214 7039.

CENTRO
We make public transport meet the public interest.

INTERNATIONAL CAPITAL MARKETS

SYNDICATED LOANS

Project deals taken up despite spreads

IF THERE is one place to which banks are looking to repair their lending margins, it is project finance – the greater risk associated with a new project, and longer pay-back period, justifies a substantially higher spread. But there are projects and projects, and not all provide the yield bankers might expect.

The North Sea is a prime example. Two project facilities currently in syndication are being offered at spreads which would seem meagre in other contexts. But there is every indication that they are being readily taken up.

The first, a $1.1bn loan for BP Norway, is likely to be closed this week, after banks had offered about 50 per cent more than the borrower had been seeking. The margin on this eight-year facility is just ⅛ per cent over Libor, rising to ⅜ for the past four years. Despite the hefty over-subscription, at least one of BP's relationship banks in the UK is believed to have refused to participate. Some banks are prepared to stick to their guns and risk corporate relationships in pursuit of better margins, it appears.

The second deal – a $400m facility for Neste Petroleum, a wholly-owned subsidiary of Neste, the Finnish state-owned oil company, went into syndication on Friday. Fully-underwritten by the arrangers, Chase Investment Bank and Citicorp Investment Bank, it is a 10-year facility with a margin of between 0.6 and 1.025 per cent, depending on when the project is completed and whether pre-set financial ratios are met.

Both projects have one thing in common: they are non-recourse deals, with no guarantee or letter of comfort from the parent, but they are being sold on the tacit understanding that the parents would stand behind their subsidiaries. This double-think explains why banks are prepared to lend at rates not normally seen in project finance.

There are other explanations. One is that the oil sector has had a relatively smooth ride through the US and UK recessions so far, and is seen as a better risk than many others. Also, both deals are targeted squarely at existing relationship banks: they are seen as the most willing lenders at such rates.

By comparison, traditional project financings continue to pay a substantial risk premium, and banks say that many more are likely in the new year. Midland Montagu last week launched an £80m, nine-year facility (with an average life of five years) to support the construction of a private hospital in Scotland. The margin: 2¼ per cent during the construction phase, falling to 2 per cent after.

● Another place banks look for good margins is acquisition finance. Making their balance sheets available to back acquisitive companies commands a premium over normal corporate lending – though here, too, returns may not be all that banks expect of them.

Following the completion of its bid for Hawker Siddley, the £1bn loan for BTR has been put into syndication. The deal was underwritten at the outset by Barclays, Credit Suisse First Boston and Hongkong and Shanghai Banking Corporation.

On top of the margin of 32.5 basis points, banks are being offered management fees of up to 7.5 basis points. This is for commitments of more than £50m; for between £30m and 45m, the management fee is 5 basis points, falling to 3 basis points for less than this.

One thing is clear: it will not look cheap to BTR, the company famed for having pulled off the most finely-priced multiple option facility ever.

Richard Waters

EUROMARKET TURNOVER ($m)

Primary Market	Straights	Conv	FRN	Other
US$	329.7	0.0	84.6	15,614.5
Prev	2,270.0	0.0	689.1	14,334.6
Other	2,978.7	0.0	83.0	6,097.0
Prev	3,319.2	51.3	77.2	8,740.6
Secondary Market				
US$	23,869.2	917.5	7,151.6	7,719.4
Prev	27,964.1	1,343.5	7,624.4	11,360.8
Other	45,169.3	799.8	3,729.3	88,689.2
Prev	46,718.5	796.2	3,849.7	86,699.7

	Cedel	Euroclear	Total
US$	19,582.6	36,103.9	55,686.5
Prev	22,355.1	43,131.4	65,486.5
Other	50,408.0	97,138.3	147,546.3
Prev	49,114.1	101,138.3	150,252.4

Week to November 28, 1991 Source: AIBD

INTERNATIONAL BONDS

French issue reflects sector's growing sophistication

THE POSITIVE reception of the largest ever Eurobond in French francs, a FFr6bn offering of 13-year bonds for the Kingdom of Spain arranged by Crédit Lyonnais last week, reflects the market's growing internationalisation and sophistication.

The development of the Eurobond market has been parallelled by the evolution of the French domestic bond market, and both appear to be poised for further growth.

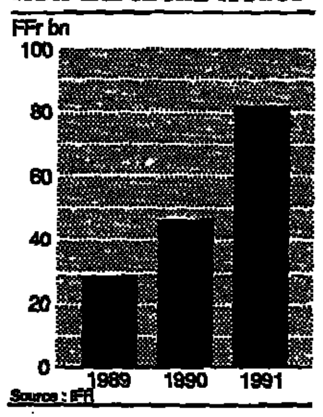
Both sectors have benefited from the modernisation of the government bond market, where since 1985 the French Treasury has nurtured the growth of a very liquid market in Obligations Assimmilables du Trésor (OATs), partly by concentrating on establishing large benchmark issues. In addition, the existence of an efficient bond futures market, the Matif, facilitates the hedging of bond market positions. The swap market has also expanded recently, encouraging more foreign borrowers to tap the Eurobond market.

The domestic market, consisting of corporate and public sector debt, is already actively traded by French institutions. The capitalisation of the public sector market (comprising state-controlled agencies and companies) exceeds that of the the government bond market by 40 per cent, according to Paribas, the French investment bank.

Although they are not explicitly guaranteed by the government, many of the names – the likes of Eléctricité de France (EdF) and Société Nationale des Chemins de Fer France (SNCF), the French railway – carry the top AAA credit ratings. But yields are as much as a ½ point higher than for the government's OATs.

Substantial efforts are being made to attract foreign investors to the public sector market. A year ago, a reform of the market was undertaken, with a view to bringing it closer in structure to the OAT market. Discussions have been proceeding for the last year between the Treasury, the banks and the four borrowers behind the new market – Eléctricité de France, Crédit Foncier de France, the housing credit agency, SNCF and Crédit Local de France, the local authority financing agency. Modelled on the system of Spécialiste en Valeurs du Trésor (SVT) – designated government bond market-makers – they have decided to set up a group of Spécialiste en Valeurs Publiques (SVP) – public sector bond market-makers.

New Eurobond Issues



Source: IFR

The banks are now expected to sign a statute, committing themselves to perform a market-making function, before the end of the year. They will quote live screen prices at a bid/offer spread of 25 basis points for a minimum size.

A group of 10 banks are expected to gain SVP status: Banque Nationale de Paris, Crédit Lyonnais, Société Générale, Crédit Agricole, Caisse des Depóts, Banque Paribas, Banque Indosuez, Crédit Commercial de France, and two foreign banks with a strong presence in France, J.P. Morgan and Warburg.

Despite the strong market-making commitment demanded, most banks have been keen to play their part, because market-making status will also bring the ability to win mandates to arrange new issues. This has become a more profitable business since the fixed price re-offer system was introduced in the French domestic bond market in April. The system, which helped restore profitability to the Eurobond market when it was introduced in 1989, helps ensure that banks earn reasonable fees for their underwriting services.

Although the SVP system is not yet formally in place, the market has already gained substantial international participation. EdF and SNCF have already issued large domestic bonds with international tranches, and traders report increasing international participation in the public sector debt market. The sector is attractive to institutional investors, since it offers highly-rated liquid debt at a higher yield than the government bond market.

There has also been a growing number of international arbitrageurs playing the spread between government and public sector bond yields, said Mr Yves Aboudaram, a trader at Paribas. That spread has narrowed to around 35 basis points, in the recent sell-off of the French government bond market.

The borrowers involved – limited to the initial four, at least for the first year – hope to achieve cost-savings as a result of the new market, since they will be able to broaden the investor base tapped for any one issue.

But the change does not mean a reduction in their funding in the Eurobond market. For example, Crédit Local, the largest borrower, will have a funding requirement of FFr35bn in 1992, the same as for 1991. Up to FFr8bn of that funding will be raised in the domestic market, and up to FFr28bn in the international markets (that is, French franc Eurobonds and foreign currency bonds), according to Mr Jean-Luc Petitpont, head of long-term funding.

Meanwhile, supply in the domestic corporate bond market could be set to increase. Currently there is a minimum maturity of seven years, which tends to deter industrial firms. In addition, banks have historically lent to French industry on favourable terms, but costs are set to rise as banks come under pressure to meet the Basle capital guidelines.

Tracy Corrigan

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Casio Computer(d)♦†	250	1995	4	3⅝	100	Daiwa Europe	3.625
Fortet	150	1996	5	7¾	101.275	J.P.Morgan Secs.	7.435
Seiren Co(s)♦†	100	1995	4	3⅝	100	Yamaichi Int.	3.625
Sanwa Shutter Corp.♦	280	1995	4	3⅝	100	Daiwa Europe	3.625
Daewoo Corp.(l)♦†	150	1996	5	5½	100	Daewoo Secs.(Europe)	5.500
Misawa Homes Co.♦	140	1995	4	3⅝	100	Nomura Int.	3.625
STERLING							
Mortgage Fund.Corp No.5(i)‡†	110	2035	(i)	(i)	100	Goldman Sachs	-
Mortgage Fund.Corp No.5(j)‡†	80	2035	(j)	(j)	100	Goldman Sachs	-
FRENCH FRANCS							
Eurofimat	1.5bn	2003	12	9¼	99.33	Credit Lyonnais	9.345
Kingdom of Spain†	6bn	2004	13	9¼	98.76	Credit Lyonnais	9.419
CANADIAN DOLLARS							
Republic of Finland†	250	1998	7	9	101.605	SBC	8.684
Oesterreichische K'Bank†	200	1997	5	8½	101.225	Goldman Sachs	8.231
IBM Int. Finance NV.†	100	1996	5	8⅝	101.48	Merrill Lynch	8.252
Kansai Electric Power†	250	1996	5	8¾	100.925	Wood Gundy	8.515
D-MARKS							
SXL Corp(k)♦†	125	1995	4	5⅛	100	Commerzbank	5.125
Shinsho Corp.♦	90	1995	4	5⅛	100	Yamaichi Bk.(Deutsch.)	5.125
Commerzbk Overseas Fin.†	300	2001	10	zero	46.30	Commerzbank AG	8.005
City of Helsinki†	150	2002	10	8½	101.80	Deutsche Girozentrale	8.229
SWISS FRANCS							
Nichias Corp(b)★★♦†	100	1995	-	4½	100	Credit Suisse	4.500
Sinko Kogyo(c)★★♦†	60	1996	-	4¾	100	Coutts & Co.	4.750
Rasa Ind.(a)★★♦†	50	1998	-	5⅞	100	Daiwa (Switz)	5.872
Hokuetsu Paper Mills★★♦	120	1995	-	5⅜	102	WPZ	4.813
Ohbayashi Road Con.(e)★★♦	100	1995	-	4½	100	Nomura Bk. (Switz)	4.500
Kameda★★♦	30	1995	-	4⅝	100	SBC	4.625
ADO Electronic Ind.(f)★★§	20	1996	-	4¼	100	Banca del Gottardo	4.245
Umwelt & Wasser†	150	2003	-	7	101¾	Wirtschafts & Priv'bk	6.782
Nippon Metal Ind.(g)★★♦	130	1995	-	4½	100	Bank Leu	4.500
Hotel New Hankyu★★♦	50	1995	-	4½	100	SBC	4.500
Nagaso Brothers Inc.(h)★★§	40	1996	-	4¼	100	UBS	4.246
City of Montreal†	125	2002	-	7¼	101⅝	Wirtschafts & Privatbk.	7.018
Sumitomo Light Metal(o)★★♦	85	1995	-	4⅜	100	Banca Del Gottardo	4.375
Cleanup Corp(p)★★§	50	1996	-	6	100	Daiwa (Switz)	6.087
Cleanup Corp(q)★★♦	50	1996	-	4¼	100	New Japan Secs.(Switz)	4.294
Kibun Food Chemifa(t)★★§	20	1996	-	4½	100	Nomura (Switz)	4.495
GUILDERS							
VSB Groep NV(r)†	150	1999	8	9	100¼	KBW Effectenbank BV	8.955
ESCUDOS							
Inter-American Devt.Bk.†	11.5bn	1996	5	12	101⅛	Bco. Port.d'Invest.	11.690
YEN							
Sumitomo Chemical†	15bn	1997	5¼	6.35	101½	Nomura Int.	6.001
Sumitomo Chemical†	15bn	1999	7¼	6.40	101.70	Daiwa Europe	6.097
LUXEMBOURG FRANCS							
Cregem Int. Bank★★†	400	1994	2.167	9⅞	102¼	Cregem Int. Bank	8.668
BNP (Lux)†	600	2000	8½	9¼	102½	BNP (Lux)	8.804
Fiat Finance and Trade★★†	1bn	1997	5	9⅜	102.05	Credit Lyonnais (Lux)	8.850
Credit Suisse (Lux)†	2.5bn	2001	10	9⅛	101.90	BGL	8.837
Isveimer(m)★★†	1bn	1996	5	9½	102¼	BGL	8.808
Cregem Finance(n)†	1.5bn	2002	10	9¼	102	Cregem Int.	8.939

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. ♦Variable rate notes. †Final terms. a) Conversion premium fixed at 2.53%. Non-callable. b) Exercise premium fixed at 2.60%. Callable 11/12/95 at 101% declining ½% annually. c) Exercise premium fixed at 2.53%. Callable 12/12/94 at 101%. d) Exercise premium fixed at 2.56%. Non-callable. e) Callable 12/12/93 at 102% declining ½% semi-annually. f) Callable 31/3/92 at 102%, declining semi-annually by ¼% until 100¼% if the average closing price on the Tokyo Stock Exchange for a period of 30 consecutive stock exchange trading days is at least 150% of the average of the conversion price in effect on such last stock exchange trading day. g) Callable on 19/12/93 at 101% and 19/12/94 at 101½%. h) Put option 30/9/94 at 110¼% to yield 7.851%. i) Coupon pays 37.5bp over 3-month Libor, until 11/94, then steps up to 75bp over 3-month Libor. Average life- 1.5 years. j) Coupon pays 55bp over 3-month Libor until 11/97, then steps up to 100bp over 3-month Libor. Average life - 8 years. k) Exercise premium fixed at 2½%. Non-callable. l) Exercise premium fixed at 6.89%. Non-callable. m) Issued on Fiduciary basis by BGL. Non-callable. n) Amount increased from LFr1bn. Non-callable. o) Callable 19/6/93 at 101¼%. p) Coupon payable semi-annually. Non-callable. q) Put option 31/3/94 at 108¼% to yield 7.617%. r) No early redemption, no tax calls. s) Exercise premium fixed at 2.51%. Non-callable. t) Put option 31/3/94 at 108⅝% to yield 8.063%. Note: Yields are calculated on AIBD basis.

New Issue
Closing December 2, 1991

These securities having been sold, this announcement appears as a matter of record only.

Kingdom of Norway

U.S.$ 1,000,000,000
7% Notes of 1991/1996

Deutsche Bank Capital Markets Limited
Merrill Lynch International Limited

Credit Suisse First Boston Limited
Goldman Sachs International Limited
IBJ International Limited
J.P. Morgan Securities Ltd.
Morgan Stanley International
Nomura International
Paribas Capital Markets Group
Swiss Bank Corporation
UBS Phillips & Drew Securities Limited
ABN AMRO
Banque Bruxelles Lambert S.A.
BNP Capital Markets Limited
Commerzbank Aktiengesellschaft
Crédit Commercial de France
Daiwa Europe Limited
Dresdner Bank Aktiengesellschaft
Generale Bank
Kidder, Peabody International Limited
Salomon Brothers International Limited
S. G. Warburg Securities
Westdeutsche Landesbank Girozentrale

This announcement appears as a matter of record only.

September 27, 1991

Nacional Financiera, S.N.C.
(A National Credit Institution and Development Bank of the United Mexican States, acting through its Grand Cayman Branch)

Securitized Import Financing Facility
U.S. $161,657,000

Guaranteed by

The Export-Import Bank of the United States

Standby Loan Provided by

Société Générale
acting through its New York Branch

for the importation of satellites purchased from

Hughes Communications International, Inc.
A unit of GM Hughes Electronics

to be used by

Telecomunicaciones de Mexico, S.A.

The undersigned served as financial advisor in connection with the structuring and arrangement of this transaction.

Bankers Trust
Bankers Trust New York Corporation and its affiliated Companies

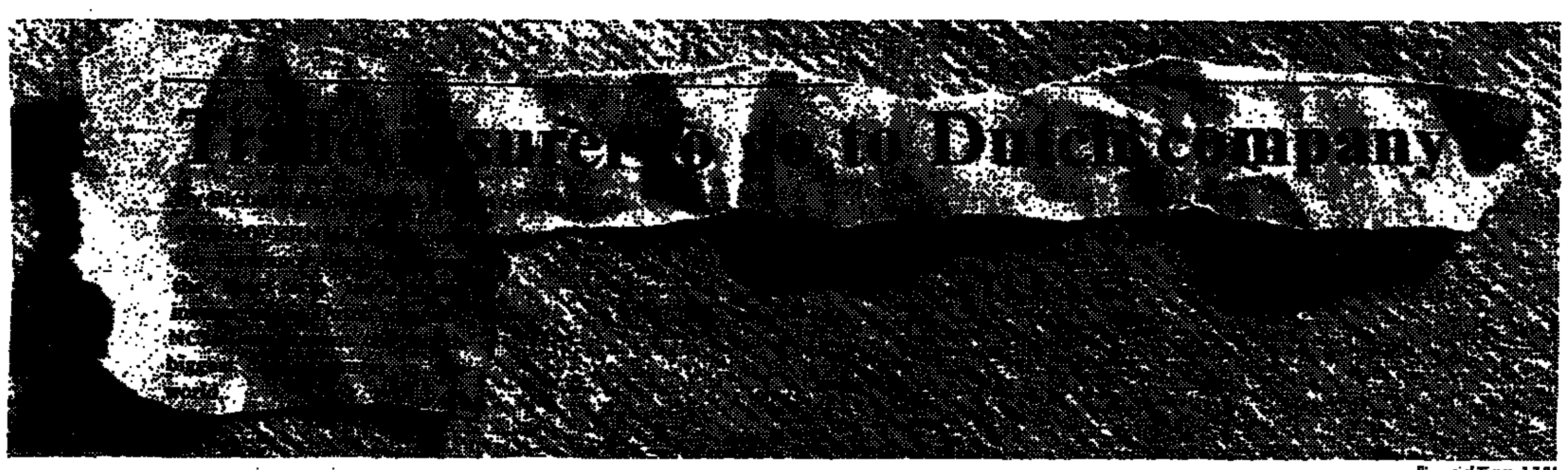
هكذا من الأصل

"If this is good news for British Industry, I'm a Dutchman."

Harry Groen, Chairman, Nederlandsche Credietverzekering Maatschappij.

When NCM was named the Government's preferred bidder for Insurance Services in July, there were considerable misgivings among the British business community. Not to mention questions in both Houses of Parliament.

How could the Government abandon British exporters in this way? How can a Dutch company be expected to treat British business fairly? Why change an operation that was successful – and improving?



Financial Times, 2.7.91.

Now the acquisition is complete, we'd like to answer these questions. Because, while we can understand British fears, we believe they are unfounded. First though, let's be clear about what we've bought – and what we haven't.

NCM has no involvement in long term British export projects. These have always been handled by the Project Group at E.C.G.D., and will continue to be. It is the *short term* credit insurance business – handled by Insurance Services – which attracted us. Because it fits extremely well with our own.

Where this includes political risk, we will also underwrite it. Thus, for the most part, the service and cover offered to British exporters will remain the same.

That is the extent of our acquisition. And this is why we've done it.

As the single European market approaches, there is serious pressure for financial services companies to be ready for it. We have already seen new joint ventures in France and Belgium to take advantage of the export insurance opportunities the new market will create.

After 1992, market share will be vitally important, especially for insurance companies.

The survivors will be companies which can quickly build a 'spread' of business to diversify their risk profile and increase their premium income.

Because few others will have the financial strength to create the new products and improved service which the single market will demand.

In this respect alone, *both* our companies are stronger now than they could have been before.

But that isn't all.

The oxygen of credit insurance is information. Accurate information means reliable credit limits. And the right information technology means we can provide them quickly.

Insurance Services has rightly prided itself on turning round 70% of requests for export credit limits within 24 hours.

While, at NCM, we supply 70% of our domestic credit limits via our data network. Inside three seconds.

By linking our data bases – and pooling our processing technology – we can both improve that record even more.

We can share product expertise too.

(NCM already has plans to launch domestic credit insurance in the UK.)

As for export insurance, we like the way Insurance Services works. We have never intended simply to buy it and take the business away.

We have considerable respect for what the management team has done: and once we've agreed a strategic direction for NCM UK, we plan to let them carry on doing it.

In the immediate future, UK clients may not even notice the difference. They'll be dealing with the same people, in the same way.

Indeed, our long term ambition is that NCM UK and NCM in Holland will operate as independent, autonomous companies. To the benefit of their respective clients.

That is why there will be no divided loyalties, and none of the 'preferential treatment' for Dutch companies so feared by their British counterparts.

What purpose would it serve?

A credit limit is a credit limit. And an opportunity for NCM UK is an opportunity for NCM overall.

After our interest in Insurance Services was announced in July, the Deputy Chairman of the British Exporters Association wrote the following in a letter to the Financial Times: *"NCM is a successful and well-established European credit insurer. There is no good business reason to question its suitability..."*

As we plan the growth of NCM – on both sides of the North Sea – we would ask the British business community to bear his views in mind.

There will be losers as a result of this acquisition. But they'll be our competitors.

NCM CREDIT INSURANCE

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Fresh £500m tranche fuels unease

THE GILT market was lifted by a stronger pound, only to be pulled back late on Friday by the announcement of £500m worth of bond issues, available for trading from today.

The Bank of England announcement, coming just two days after the auction of £1.5bn worth *of gilts*, underlined the size of the bond issues *which will be needed* over the next two years to pay *for Britain's burgeoning* public-sector debt.

Because a glut of issues pushed down gilt prices, *details* of the new tranche of existing medium-dated bonds led to unease in a market already worried about the prospects of renewed turbulence affecting the pound. Consequently, Friday's news pushed up yields sharply and lowered *prices.*

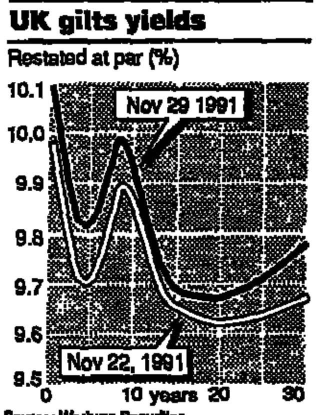
Behind the relatively small *overall yield rise for the week* as a whole was that much of the sharp fall in sterling against the D-Mark on Monday and Tuesday *was reversed* later on. That happened as the dollar gained strength, pulling up the pound. However, fears remain that sterling could weaken further in the next few months, due to doubts about a UK economic recovery and the possibility of a *rise* this month in German interest rates.

The gilt market was digesting these negative aspects when the Bank unveiled the new issue, comprising £200m of 10 per cent conversion stock maturing in 1996, £200m of 10 per cent Treasury stock due 2001, and £100m of 9¼ per cent *conversion bonds due 2005.* They will be priced at 100$\frac{1}{16}$, *100$\frac{1}{8}$ and 97$\frac{11}{16}$ respectively.* "The Bank is clearly keen to get cracking with its funding," said Mr John Shepperd, economist *at S.G. Warburg* Securities.

On Wednesday, sterling's weakness cast a shadow over the Bank's auction of £1.5bn of 9 per cent conversion stock, maturing in 2011. *The event is* part of a series of bond sales which the Bank will be organising over the next year or so, during which as much as £40bn of gilts could be looking for buyers.

In the event, the auction proceeded *relatively smoothly*, with the bonds attracting £3.4bn worth of bids – a "cover" rate of 2.3 as opposed *to figures of 1.9 and 2.2 for the* previous two Bank auctions earlier this year.

However, with an average price of 93½ being paid for the bonds, the Bank raised from the sale about £100m less than the £1.5bn formal valuation. Had the auction been organised a month previously, when gilt prices were higher, it would probably have raised £30m or so extra for Britain's public sector finances.



Despite the worries about funding, many gilt practitioners are optimistic about the longer-term direction for the *market*. "*A lot of pension funds* and other institutions are coming *round to the view* that the next decade is going to be bad *for* equities and good for bonds," said Mr Peter Spencer, economist at Lehman Brothers. "The fundamental support is very solid."

Similarly, overseas investors have recently been firm buyers *of gilts*, one apparent effect of non-UK institutions reappraising their holdings of sterling instruments in the light of sterling being pegged within the European exchange rate mechanism.

According to statistics issued last week, in October overseas financial institutions were the only one of four broad *categories of potential customers* for gilts to increase their *holdings. Over this period*, which saw a general slump in *prices for the market, non-UK* institutions bought roughly £900m worth of gilts, while net sales of British institutions, *banks* and building societies were some £700m, £400m and £100m respectively.

During the first 10 months of the year, overseas institutions bought nearly £5bn worth of gilts, *as opposed* to just over £3bn of the instruments bought by UK institutions.

As for sterling being hit by *fresh gyrations within the* ERM, some gilt specialists are *looking on the positive side.*

Mr Simon Briscoe of Greenwell *Montagu said: "When the* pound got down to DM2.83 or DM2.84 in the ERM, *investors* realised it looked cheap and started buying it – on the grounds that without a devaluation it was not going to fall much further. The ERM has shown its rubbery qualities and caused sterling to bounce off the bottom."

Peter Marsh

SWEDISH BONDS

Mild reaction to increase in interest rates

THE SWEDISH government *bond market reacted with* remarkable equanimity to the government's decision to raise interest rates by 1 percentage point last week.

Bond yields at the 10-year *maturity rose just 8 basis* points on the week to 9.93 per *cent. By comparison, French* 10-year bond yields rose 20 *basis points during* the previous week, when French interest *rates* were lifted a *mere* ½ point.

Interest rates were *increased* in both countries for the same *reason: to defend the national* currencies on the foreign exchange market.

Since May, when the krona *was pegged to the Ecu at a* central rate of SKr7.4, Sweden had benefited from a steady inflow of foreign currency as international investors built up holdings of Swedish financial *assets.*

However, currency outflows *of SKr12.14bn* and *SKr2.52bn* in the two weeks before the rate increase caused a weakening of the Swedish currency. Confidence was knocked by the poor health of financial institutions *across Scandinavia, and fears* that the Swedish government *might follow Finland* and devalue its currency against *the Ecu.*

As foreign funds poured out *of short-dated bonds and money*-market instruments, the *value of the Swedish currency* against the Ecu began to flag.

Like the French action, the foreign exchange markets saw the rise in Swedish interest rates as only a partial success. The krona closed last week at around SKr7.47 against the Ecu, only slightly better on the week and still not far from its "floor" of SKr7.53.

Yet against this uncertain *background, bond yields at the* longer maturities were little *changed. The volatility in* yields seen in the French and *UK bond markets in recent* weeks did not emerge.

Analysts noted that overseas investors have less cash com*mited to the Swedish market* than to some of the other high*yielding European markets.* Sweden only really emerged as a *"converging" economy when* the Ecu link was announced in *May.*

The heavy falls in the UK and French *markets* can, in part, be explained by a withdrawal *of overseas funds as* sterling and the franc came under pressure on the foreign exchange markets.

Domestic investors are less concerned with currency move*ments. Hence the high-yield* markets which are most open *to international investment* flows could turn out to be the *most volatile* in times of currency and interest-rate uncer*tainty.*

The performance of the Ital*ian government bond market* last week, where there was *also a rise in interest rates*, appears to confirm this view.

While the Italian market is now attracting an increasing *amount of* international funds, withholding tax and other problems have in the past discouraged overseas investors.

Investors at the longer maturities took the interest-rate rise *as a sign that the currency* would be defended in the longer term.

Simon London

This announcement appears as a matter of record only.

NEW ISSUE

29th November, 1991

SBCS

STÁTNÍ BANKA ČESKOSLOVENSKÁ

Prague, Czech and Slovak Federal Republic

U.S.$200,000,000

9 per cent. Notes due 1994

Issue Price 99.61 per cent.

Nomura International

Credit Suisse First Boston Limited — Salomon Brothers International Limited

Commerzbank Aktiengesellschaft — Merrill Lynch International Limited

Morgan Stanley International — Swiss Bank Corporation

Bayerische Landesbank Girozentrale

Bankers Trust International PLC — Chase Investment Bank

Deutsche Bank Capital Markets Limited — Dresdner Bank Aktiengesellschaft

IBJ International Limited — J.P. Morgan Securities Ltd.

Paribas Capital Markets Group — Banco Español de Credito SA

Banque Bruxelles Lambert S.A. — BNP Capital Markets Limited

BHF-BANK — CBI-TDB Union Bancaire Privée, London

Citicorp Investment Bank Limited — Creditanstalt-Bankverein

DG BANK Deutsche Genossenschaftsbank — Hamburgische Landesbank-Girozentrale

Hessische Landesbank -Girozentrale- — Istituto Bancario San Paolo di Torino

Landeskreditbank Baden-Württemberg — Lehman Brothers International

LTCB International Limited — Nikko Europe Plc

Norddeutsche Landesbank Girozentrale — Westdeutsche Landesbank Girozentrale

US MONEY AND CREDIT

Little thanks in a week of torpor

GIVEN the clouds surrounding the US economy, Thanksgiving seemed a singularly inappropriate name for last week's festivities. Perhaps the giant model of Kermit the Frog, carried in the New York parade on Thursday, felt the same way – it leaked. One Wall Street analyst, issuing a circular on Wednesday, was moved to head the analysis: "Thankswhat?".

With the week's trading foreshortened and generally lightened by the holiday break, the US bond markets shared in *this* torpor. The yield on the 30-year long bond ended Friday's trading at 7.93, *for example*, barely changed from the *7.97 per cent figure* a week earlier.

What little action there was stemmed partly from a mixed *bag of economic reports* and partly from foreign investor *interest. On the former,* matters appeared to be running in bond prices' favour when two indices of consumer confidence, published on Tuesday, showed an increasingly glum situation. The University of Michigan index is a private client publication, and not available for public consumption, but rumours that had thrown up a fairly steep decline last month quickly circulated around the market. That scenario seemed increasingly credible when the Conference Board's consumer confidence index was also shown to have fallen by more than 9 points in *November to 60.6.*

This is at the heart of the current worries about the economy. Although some statistics still point to modest improve*ments* in industrial activity, it is impossible to escape the *absence of* any upturn in consumer demand. This behaviour, in turn, seems to derive from an endless stream of job cuts, pay freezes, and bonus reductions. And if the consumer is still too frightened to spend, it is hard to see why the industrialist should invest – nor why interest rate cuts should speedily reverse the trend.

With this sort of logic in mind, then, spending patterns are being accorded particular attention this year as the key holiday season approaches. Already, analysts are predicting that a poor Christmas for the retailers will create a new wave of problems in 1992. Stocks could mount, *runs the* argument, thereby depressing new orders and triggering fresh uncertainties.

So, on Wednesday, *the market* quickly dismissed a relatively cheerful unemployment report and a larger-than-anticipated surge in durable goods orders for October. True, news of the 80,000 drop in unemployment insurance claims during the week ended November 16 contrasted with forecasts of around 50,000. True, too, that durable goods orders rose by around 3 per cent, double the level pundits had predicted. As a result, bond prices initially slumped, pushing yields up sharply.

Analysts and economists, however, prefered to focus on a subsequent Commerce Department report on personal consumption, which indicated a *fall of three-tenths of 1 per cent* in October. This is the second decline in three months, *and* the biggest dip since April. *The bond price falls were* partially reversed, and the yield on *the benchmark long bond* ended at 7.96 per cent, com*pared with* 7.98 per cent on Tuesday night.

Robert Brusca, chief economist at Nikko Securities and a consistently bearish voice in recent months, neatly *summed* up this new-found attention to consumer trends. "In a period when most economists have gotten the economy dead wrong, the confidence indices have gotten it dead right," he wrote.

"A recession, once regarded as *not* on the cards, then regarded as short and shallow, is *now turning* into one heck of a monster. Consumer confi*dence tells the accurate* but ugly story."

The second *factor telling in* the bond market last week was more technical. Suggestions that there was no need for German interest rates to be tightened further helped the dollar to recover mid-week and prompted some renewed interest in US bonds from foreign investors. They have been fairly heavy sellers in recent times, partly on fears of a decline in *the value of the US* currency.

*So, with the holiday week*end behind it, where will the *market be looking next?* Given the current focus of the con*cerns about the economy*, it seems likely that much atten*tion will centre on the November* unemployment figures, due *out on Friday*. Here the "consensus" forecast is for a rise in *the unemployment rate to 6.9-7* per cent, compared with a preliminary figure of 6.8 per cent in the previous month. Any*thing else would be grim news*, indeed.

Nikki Tait

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	4.75	4.69	4.08	11.00	2.00
Three-month Treasury bills	4.46	4.53	4.88	8.29	4.46
Six-month Treasury bills	4.55	4.67	4.96	7.70	4.55
Three-month prime CDs	4.90	4.95	5.10	7.17	4.90
30-day Commercial Paper	5.05	4.85	5.00	7.12	4.85
90-day Commercial Paper	4.85	4.85	5.06	7.02	4.85

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	100$\frac{3}{32}$	-	6.94	-	-
20-year Treasury	114$\frac{1}{4}$	+$\frac{1}{4}$	7.70	7.71	7.76
30-year Treasury	100$\frac{3}{32}$	+$\frac{1}{16}$	7.93	7.97	7.93

Source: Salomon Bros (estimates).

Money supply: In the week ended November 18, M1 rose by $3.5bn to $888.8bn.

FT/AIBD INTERNATIONAL BOND SERVICE

[illegible]

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on November 29

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THE WEEK AHEAD

ECONOMICS

Markets fix attention on US data

NERVOUSNESS about the outcome of next week's Maastricht summit is likely to be a feature of the next few days, with the fall-out affecting currency markets. Economists will also be inspecting data from the US which will provide clues as to whether US economy has stalled after signs of a recovery.

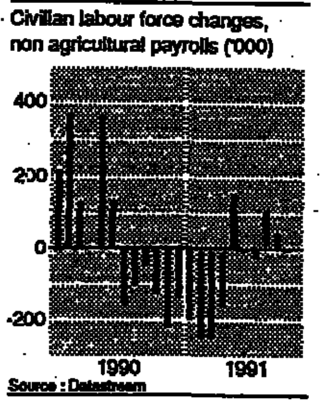
Last week the D-Mark gained strength on expectations of an imminent rise in German interest rates, only to fall back later. During the next few days, the currency markets may swing to a similar degree, with anxieties emerging that the European Community may be unable to agree on a framework for political, economic and monetary union at the Maastricht meeting on December 9 and 10.

In the US, there will be interest in the release of an index calculated by the National Association of Purchasing Managers which indicates demand trends. According to MMS International, a financial research specialist, the index for November is likely to be 52 per cent, after 53.5 per cent in October, showing that the US economy is still in difficulty.

More data later in the week relating to unemployment,

US employment

Civilian labour force changes, non agricultural payrolls ('000)



Source : Datastream

non-farm payrolls, consumer credit and car sales will give economists a better idea of what 1992 holds for the US economy.

On Thursday, the German Bundesbank holds a regular council meeting, when in theory it may increase interest rates. Such a decision is unlikely so close to the EC summit.

In the UK, when the Treasury tomorrow announces the value of the gold and foreign currency reserves at the end of November. It seems likely that these will show a significant drop, as the Bank of England *has been forced to dip into* them to defend sterling. There may be further intervention during the next few weeks.

The highlights of the week, with projections provided by MMS, are as follows:

Today: US, November National Association of Purchasing Managers Index (52 per cent); October construction spending (down 0.2 per cent on month). UK, house price index issued by Nationwide Anglia building society. Australia, October current account deficit (A$1bn, seasonally adjusted). Japan, Bank of Japan holds press conference.

Tomorrow: US, October leading economic indicators (flat) and new home sales (up 2.8 per cent on month). UK, official reserves in November (down $200m on underlying basis).

Wednesday: US, 3rd quarter GNP increase (up 2.8 per cent year-on-year on a quarterly annualised basis) and GNP inflator (up 1.8 per cent); 3rd quarter after-tax corporate profits (down 2 per cent). Japan, October trade balance, on IMF basis. Canada, November foreign reserves.

Thursday: France, Bank of France governor Jacques de Larosiere holds press conference on 1992 prospects; regular *auction of OAT* government bonds. US, October factory goods orders (up 0.5 per cent on month) and factory shipments; monetary indicators for week ending November 25. Germany, regular Bundesbank meeting; 3rd quarter GNP (no change on last quarter, up 2.5 per cent year-on-year); November labour market figures in west Germany (unemployment up 5,000, vacancies down 10,000) and also unemployment and short-time working in east Germany. UK, October housing starts. Australia, 3rd quarter GNP income measure (up 1.3 per cent). Canada, wages and salaries in September (up 0.3 per cent).

Friday: US, November non-farm payrolls (down 22,000); manufacturing payrolls (down 30,000); civilian unemployment rate (6.9 per cent); October consumer credit (down $1.1bn on month). Canada, November unemployment rate (10.3 per cent). During the week: Germany, October trade surplus (DM1.5bn); October manufacturing orders (up 0.1 per cent) and manufacturing output (up 0.5 per cent); November cost of living index. Japan 3rd quarter GNP.

Peter Marsh

RESULTS DUE

HANSON, the acquisitive conglomerate with a 2.8 per cent stake in Imperial Chemical *Industries, is expected to* announce pre-tax profits for the year-end to September of about £1.31bn (£1.29bn). Earnings per share are thought to have edged up to about 20.6p from 19.9p.

After a year in which Hanson has received a bad press since it took its stake in ICI last May, the City is expecting Lord Hanson, chairman, to deliver an upbeat message.

The General Electric Company is expected to deliver slightly improved interim pre-tax profits on Wednesday with cost cutting across the group offsetting a decline in turnover in several areas.

Analysts predict pre-tax profits of £345m (£342m), and a full year of about £860m. Estimates of the interim dividend differ slightly, ranging from an unchanged 2.55p to an upper *limit of 2.65p.*

After a year in which trading difficulties have been compounded by restructuring problems, Bass, the UK's leading brewer, is expected to report an unprecedented fall in earnings on Wednesday. Forecasts of pre-tax profits range from £482m to £505m, 5-10 per cent lower than the previous year's £535m. Most analysts predict a strong recovery in the current year.

Final results from Grand Metropolitan on Thursday should reflect the defensive qualities of its strong brand portfolio and international spread. Forecast pre-tax profits range between £940m and £955m against last year's £919m.

UK COMPANIES

■ **TODAY**
BOARD MEETINGS:
Finals:
Airtours
Dobson Park Inds.
Dundee & London Inv. Tst.
M & G Group
United Drug
Interims:
Acal
Control Techniques
Graham Wood
JF Fledgeling Japan
Jarvis Porter
Levercrest
Lyons Irish
Vistec

■ **TOMORROW**
COMPANY MEETINGS:
Allied London Properties, Inn on the Park, Hamilton Place, Park Lane, W., 12.00
Lloyds Chemists, Red Lion Hotel, Atherstone, Warickshire, 10.30
Paterson Zochonis, Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, 12.00
Precious Metals Trust, 15, St. James's Place, S.W., 3.00
Ramus Hldgs., Palace Road, N., 11.00
UDO Hldgs., Great Eastern Hotel, Liverpool Street, E.C., 11.00
BOARD MEETINGS:
Finals:
Archimedes Inv. Tst.
Base
Cahill May Roberts
Eldridge Pope
Leeds
Interims:
Creightons Naturally
Evans of Leeds
Greene King
Hunter Saphir
Mid-Southern Water
Northern Investors
Seeboard
Syltone

■ **WEDNESDAY DECEMBER 4**
COMPANY MEETINGS:
Air London Intl., The Registry, Royal Mint Court, E.C., 10.00
Beckman (A.), Durrants Hotel, George Street, W., 12.00
Harmony Leisure, Old Thameside Inn, Clink Street, S.E., 10.00
Scottish Metropolitan Property, Forte Crest Hotel, Bothwell Street, Glasgow, 10.30
BOARD MEETINGS:
Finals:
Avon Rubber
Henson
Murray Enterprise Inv. Tst.
Shanks & McEwan
Wescol
Whessoe
Interims:
BTP
Baker Harris Saunders
Cape
Drummond
East Midlands Elect.
GEC
Mansfield Brewery
Morris Ashby
Porter Chadburn
Rowlinson Sec.
Salvesen (Christian)
Siebe
Tams (John)
Yorkshire Water

■ **THURSDAY DECEMBER 5**
COMPANY MEETINGS:
Bennett & Fountain, Maxmor House, 40, Warton Road, E., 10.00
Investors Capital Trust, 1, Charlotte Square, Edinburgh, 12.30
River & Mercantile Extra Inc. Trust, New Connaught Rooms, Great Queen Street, W.C., 12.00
BOARD MEETINGS:
Finals:
Grand Metropolitan
Radio Clyde
Regina Health & Beauty
Smith & Nephew
Westland
Interims:
Airsprung Furniture
Alba
Eastern Electricity
Great Universal Stores
Greycoat
In Shops
Murray Split Capital Tst.
New London
Phoenix Timber
Pilkington
Scapa
Tiphook
Wellman

■ **FRIDAY DECEMBER 6**
COMPANY MEETINGS:
Castle Communications, Alderman's House, Alderman's Walk, E.C., 12.00
Halstead (James), Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, 12.00
Highland Distilleries, Royal Scottish Automobile Club, Blytheswood Square, Glasgow, 12.00
BOARD MEETINGS:
Finals:
Midlands Radio
Rosehaugh
Tottenham Hotspur
Wolverhampton & Dudley
Interims:
Reed Executive

■ **SATURDAY DECEMBER 7**
COMPANY MEETINGS:
Cradley, Chester Road, Cradley Heath, Warley, 10.30

Company meetings are annual general meetings unless otherwise stated.

DIVIDEND & INTEREST PAYMENTS

■ **TODAY**
AMAX 20cts.
Ahmanson (HF) 22cts.
American Brands 43.75cts.
Andrew Sykes 3.5p
Asarco 40cts.
Atlas Conv. Equipment 7p
Austin Reed 3p
Do. A N/Vtg. 3p
Automated Security 6% Cv. Cm. Rd. Pf. 3p
BAT Inds. 12¼% Un. Ln. 2003/08 6⅛pc.
BMSS 2p
Barclays Bank Non-Cm. $ Denom. Pf. Series A 52.125cts.
Do. Series B 50.975cts.
Do. Series C1 42.1875cts.
Do. Series C2 42.1875cts.
Do. Series D1 43.125cts.
Do. Series D2 43.125cts.
Do. Reg. Series C Pf. 52.735cts.
Do. Reg. Series D Pf. 53.906cts.
Brown & Jackson 0.1p
Croda Intl. 2.75p
Delta 4.2p
Enserch 20cts.
Enterprise Oil 10¾% Un. Ln. 2013 5⅜pc.
Folkes 0.575p
Do. N/Vtg. 0.575p
Ford Motor 40cts.
Do. Bdr. 2cts.
Fujitsu Y5
Garton Eng. 1.75p
Goodman Fielder Wattie 6cts.
Higgs & Hill 6p
Hogg Group 3.15p
Inco 25cts.
Ingersoll-Rand 33cts.
Kleinwort Dev. Fd. 6.75p
Lamont Hldgs. 3.5p
Legal & General 6.2p
Lockheed 50cts.
MB-Caradon Cv. Pref. 3.625p
Do. (Rest. Transfer) 3.625p
Peel Hldgs. 5.25% Cv. Cm. N/Vtg. Pf. 2.625p
Perry 2.75p
RMC 6.6p
Scottish Mortgage & Tst. 1.3p
Spirax-Sarco Eng. 2.7p
Sun Alliance 5.25p
TR Smaller Co's Inv. Tst. 4½% Cm. Pf. 1.575p
Union Carbide 25cts.

■ **TOMORROW**
Anglo American Gold 475cts.
Anglo American Inv. Tst. 72cts.
Automated Security 2.07p
Edinburgh Inv. Tst. 2.85p
Paterson Zochonis 8.25p
Do. A N/Vtg. 8.25p
QS Hldgs. 1.45p

■ **WEDNESDAY DECEMBER 4**
Asahi Chem. Ind. 7.125% Bds. 1999 3 9/16pc.
Ingham 1p
Lloyds Chemists 3p
Pressac 1.65p
St. Ives 3.5p
Walker Greenbank 1.2p
Woolwich Bldg. Society Fltg. Rate Nts. 1996 £264.55

■ **THURSDAY DECEMBER 5**
Air London Intl. 1.8p
Bank of Ireland Und. Var. Rate Nts. $1706.25
Bilton (Percy) 5.67p
Do. Accum. 0.1p
Britannia Grp. 1p
Bryant 3.4p
Everest Foods 4.6p
Gillette 15.5cts.
Halifax Bldg. Society 8¾% Fixed Rate/ Fltg. Rate Nts. 1992 £130.73
Hankyu Corp. 7⅛% Bds. 2000 3 9/16pc.
Laird 4p
Sindall (Wm) 1.5p
Steetley 5p
UDO Hldgs. 4.13p
Vanburgh Currency Fd. Ptpg. A Rd. Pf. 7.5p
Do. Ptg. B Rd. Pf. 7.5p

■ **FRIDAY DECEMBER 6**
Aberforth Split Level Inc. 2p
Do. Units 2p
Antofagasta 6p
Boeing 25cts.
Cleveland Place 7% Rd. Db. 1988/93 3½pc.
Derwent Valley 2.8p
English National Inv. Pf. 5p
Do. Dfd. 2.55p
Essex Furniture 1.25p
Exmoor Dual Inv. Tst. 1.84p
Do. Inc. 2.75p
Farnell Elects. 2.6p
Glynwed Intl. 7½% Db. 1989/94 3¾pc.
Halstead (James) 7p
Hi-Tec Sports 1.65p
Ladbroke 8% Gtd. Un. Ln. 1990/92 4pc.
Meggitt 1.2p
Moss Bros 1.5p
Natl. Medical Enterprises 11.5cts.
Nationwide Anglia Bldg. Society Fltg. Rate Nts. 1995 £259.60
New Zealand Fltg. Rate Nts. 1998 $320.91
Ocean Wilsons 0.75p
Plastiseal 1.5p
River & Merc Extra Inc. 1.96875p
Shiloh 0.875p
Spring Ram 0.066p
Standard Chartered Und. Prim. Cap. Fltg. Rate Nts. (Ser.3) $328.51
Yorklyde 4p

■ **SATURDAY DECEMBER 7**
P & O Property 7½% 1st Mtg. Db. 1997/2002 3¾pc.
Racal Security 8½% Un. Ln. 1987/92 4¼pc.
Do. 8% Un. Ln. 1992/95 4pc.

PARLIAMENTARY DIARY

TODAY

Commons: Transport and Works Bill, second reading. Debate on industrial training levy (Construction Board) order. Opposed private business at 7pm.
Lords: Local Government Bill, committee stage. Motion to approve Merchant Shipping *(Prevention of Oil Pollution)* Amendment Order.
Select Committee: public attacks - subject, Customs and Excise Accounts. Witness: Sir Brian Unwin, HM Customs and Excise (Rm 15, 4.30pm).

TOMORROW

Commons: Prison Security Bill, *Second reading.*
Lords: Local Government Bill, Committee state.
Select Committee: Trade and Industry - subject, exports to Iraq. Witness: Walter Somers (Rm 15, 10:30 am).

WEDNESDAY:

Commons: debate on the Common Agricultural Policy.
Lords: debate on the Uruguay Round of GATT. Boxing Bill, Second Reading.
Select Committees:
Environment - subject, plans for an Environment Agency. Witness: John Gummer MP, *Agriculture Minister (Rm 21,* 10:30 am)
Foreign Affairs - subject, developments in Central Europe. Witnesses: Dr Jane Sharp, Dr Alan Smith, Dr Jonathan Eyal Rusi and Dr Liber Rovecek (Rm 5, 10:30 am).
Welsh Affairs - subject, community care and the *elderly.* Witnesses: Welsh Office officials (Rm 8, 10:30 am).
Parliamentary Commissioner for Administration - subject, reports of the Health Service Commissioner. Witnesses: Camberwell health authority and East Birmingham health authority (Rm 19, 10:45 am).
Trade and Industry - subject, exports to Iraq. Witnesses: Sheffield Forgemasters (Rm 15, 10:45 am).
Agriculture - subject, trade gap in food and drink. Witness: Food From Britain *(Rm 20, 11:00 am).*
Energy - subject, electricity privatisation. Witnesses: National Consumer Council, Major Energy Users Council, Association of Independent Electricity Producers (Rm 18 11:00 am).
Transport - subject, preparations for Channel Tunnel opening. Witnesses: Kent County Council, Inter-Association Initiative (County Hall, *Maidstone,* 3 pm).
Employment - subject, retraining and redeployment. Witnesses: engineering Employers Federation; CBI (Rm 20, 4:15 pm).
Health - subject, maternity services. Witnesses: Stillbirth and Neo-natal Death Society, Support After Termination for Abnormality, British Paediatric Pathology Association (Rm 21, 4:25 pm)
Public Accounts - subject, Skills Training Agency. Witness: Sir Geoffrey Holland, *Employment Department* (Rm 16, 4:15 pm)
Unopposed Private Bills: Commercial Private Bank Bill and Torquay Market Bill (Rm 9, 4:00 pm).

THURSDAY

Commons: Opposition debate on the "Economy and Continuing Recession".
Lords: Local Government Bill, Committee.

FRIDAY

Commons: Private members' motions.

TRADE FAIRS, EXHIBITIONS & CONFERENCES

DECEMBER 3
TELECOMMUNICATIONS CONTRACTS - A BUSINESS APPROACH
Highlights include: nature and impact of regulatory environment; negotiations with suppliers/users; significance of approvals; problems arising from mobile terminals contracts; latest developments in PTO contracts; maintenance/support arrangements.
Contact: Alison Walters, IBC Technical Services. Tel: 071 637 4383
LONDON

DECEMBER 9
Taxation and Management of Capital in Spain.
Seminar 2-6.0 pm, at the London School of Economics. Briefing on recent liberalisation of Spanish fiscal policy. Details from Spanish Chamber of commerce in Great Britain
Tel: 071 637 9061 or
Fax: 071 436 7188
LONDON

DECEMBER 9
RESEARCHING EUROPEAN MARKETS.
Seminar at London Business School. The seminar is intended for experienced information professionals and will cover all aspects of market research in Europe including strategies, sources and techniques. Contact Wendy Brooke on 071 724 2300.
LONDON

DECEMBER 10
Investment Themes For the Early '90s
Michael Metz, Chief Portfolio Strategist for the U.S. Brokerage House Oppenheimer & Co Inc., will present a comprehensive review of his financial and economic expectations for the early 90's and discuss some of his favourite stocks.
Contact: Shirley McClure
Tel: 071-931 9444
Fax: 071-233 5567
LONDON

DECEMBER 10
VDU Directive
Management Briefing on the implications of European Directive 90/270. Vital information for IT suppliers and those responsible for designing, selecting or installing IT systems. Speakers: Brian Pearce, HUSAT; Tom Stewart, ETC; Colin Mackay, HSE.
HUSAT Training. Tel: 0509 611088
Fax: 0509 234651
LONDON

DECEMBER 12-13
ENERGY '93
A practical event bringing together EC-based buyers and suppliers involved in the energy industries to assess economic and financial impact of forthcoming EC 'Utilities' Directives. Organised by Ernst & Young and NEDO, Queen Elizabeth II Conference Centre, Westminster.
Contact: Tracy Lepard on 071-931 4675
Fax: 071-620 0940
LONDON

DECEMBER 13
RUSSIA-JAPAN RELATIONS: FUTURE PROSPECTS
An half-day Forum convened by The Royal Institute of International Affairs and The Centre for Foreign Investment and Privatisation, Moscow. In association with the Anglo-Japanese Economic Institute. To be held at Chatham House, London. Enquiries RIIA Conferences.
Tel: 071 957 5700 Fax: 071 957 5710
LONDON

JANUARY 9&10 1992
INTERNATIONAL BOUNDARIES: POLITICAL, LEGAL AND STRATEGIC IMPLICATIONS
convened by The Royal Institute of International Affairs and Frere Cholmeley. To be held at Chatham House, London. Enquiries RIIA Conferences. Tel: 071 957 5700; Fax: 071 957 5710
LONDON

JANUARY 13
AFRICA 2000: THE ROAD TO RECOVERY
A major international conference on Africa's economic and business prospects held by the African Development Bank, Oxford International Institute and Standard Chartered Bank.
Speakers include: Babacar Ndiaye, William Ryrie, Chief Shonekan, M K Nabli and Tim Stainsbury.
Contact: Miss Lindsey Neil
Tel: 0225 466744 Fax: 0225 442903
LONDON

JANUARY 13-14
NICHE MARKETING: How to identify natural market opportunities
If successful marketing depends upon identifying your niche, then exploiting and developing it, then this seminar gives you the competitive edge to win in today's ever-shifting market environment.
Speaker: Bob Donnelly.
Contact Louise Knight, Frost & Sullivan Ltd., Tel 071 730 3438 Fax 071 730 3342. Quote ref 956FT.
LONDON

JANUARY 15, 16, 17 & 20
HOW TO MANAGE A SMALL RAPIDLY GROWING COMPANY
In this intensive one day seminar (running in venues across the UK) you will learn how to avoid crisis management whilst keeping the entrepreneurial spirit alive. Speaker: Bob Donnelly. Contact: Louise Knight, Frost & Sullivan Ltd. Tel 071 730 3438. Quote ref 965ft. Fax: 071 730 3343
LONDON

JANUARY 28&29
OPENING UP THE RUSSIAN OIL INDUSTRY
A unique opportunity to meet the new decision makers in Russia. Convened by the newly established Centre for Foreign Investment and Privatisation (Moscow), and The Royal Institute of International Affairs, London. Enquiries RIIA conferences. Tel: 071 957 5700; Fax: 071 957 5710
LONDON

FEBRUARY 3&4
PROFITABLE PRICING: STRATEGIES & TACTICS
Providing hard hitting solutions for pricing in a range of environments, this seminar has a down-to-earth approach with many practical examples of proven strategies including those best for outflanking the competition. Speaker: John S Harrison. Contact Louise Knight: Frost & Sullivan Ltd.
Tel: 071-730 3438. Fax: 071-730 3343.
Quote ref 685ft.
LONDON

FEBRUARY 4
MAJOR SEMINAR ON NEW EC DIRECTIVE: Health & Safety of Computer Users. Training Centre, *Lloyd's of London*
How will the legislation affect you? Penalties of non-compliance: £20,000 if ignored; £120,000+ for injuries. Contact Christine Nash, CEL. Tel: 081-208 2923
LONDON

FEBRUARY 4
COMPETITIVE MARKETING FOR *ACCOUNTANTS AND SOLICITORS*
Strategic Planning - Why Bother? Developing a Communications Strategy, What the Client Really Thinks, Developing a Marketing Culture, Professional Selling, plus a panel on Promoting the Firm, at the INSTITUTE OF DIRECTORS. Chris Kohut, Century Communications 071 244 8884
LONDON

FEBRUARY 17&18
Cable Television & Satellite Broadcasting
A panel of international speakers will review the opportunities opening up for new television services across Europe, the Middle East and the Soviet Union.
Enquiries: Financial Times
Tel: 071-925 2323 Fax: 071-925 2125
LONDON

FEBRUARY 28
GLOBAL TAX PLANNING
One day seminar examining the techniques and strategies to enhance corporate and shareholder value. Presented by Mike Maskall, Director of International Tax Services, Europe, Price Waterhouse. Enquiries to Sarah Avian, IBC Legal Studies. Tel: 071 637 4383
Fax: 071 631 3214.
LONDON

MARCH 10&11
The European Water Industry
Prevention of water pollution, water policy in the UK and EEC, regulation, charging systems, finance for infrastructure in Central and Eastern Europe will be addressed.
Enquiries: Financial Times
Tel: 071-925 2323 Fax: 071-925 2125
LONDON

MARCH 16&17
World Pharmaceuticals
The theme of the 1992 conference will be 'Globalising the Organisation and Management of the Pharmaceutical Industry' to meet the changing *marketplace.*
Enquiries: Financial Times
Tel: 071-925 2323 Fax: 071-925 2125
LONDON

MARCH 23&24
International Packaging and the Environment
Packaging legislation, waste policies, recycling and biodegradable plastics, the prospects for the industry in Central and Eastern Europe are among the topics to be discussed.
Enquiries: Financial Times
Tel: 071-925 2323 Fax: 071-925 2125
LONDON

INTERNATIONAL

FEBRUARY 16-19
Chemical Week Annual Asia-Pacific Conference
Bryan Sanderson, CEO BP Chemicals; Michael Parker, President Dow Pacific; Samo Takeishi, Mitsubishi Corporation are among senior figures who will discuss market, environment, legal and chemical business climate in the region with focus on China, Japan, Vietnam, ASEAN and India. Tel: 071 436 7676 / 212 621 4933. Fax: 071 436 3749 / 212 621 4949
HONG KONG

FEBRUARY 28&29
LUXURY GOODS
Speakers from European Commission, Swiss Watch Federation and Intellectual Property lawyers give practical advice to businessmen and their legal advisers on tackling counterfeiting, merchandising, licensing, advertising distribution and fiscal issues in the luxury goods sector. 071 637 4383 Charlotte Thornton
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PUBLIC NOTICES

IN PARLIAMENT
SESSION 1991-92

ALLIANCE & LEICESTER (GIROBANK)

NOTICE IS HEREBY GIVEN that application is being made to Parliament in the present Session by the Alliance & Leicester Building Society for an Act under the above name or short title for purposes of which the following is a concise summary:-

To provide for the vesting in Alliance & Leicester of such part of the undertaking of Girobank plc as is represented by all accounts of customers of Girobank plc who are individuals, not being accounts facilitating the operation of any trade or business or any unincorporated association ("the personal bank"); for such vesting to take place on a date or dates to be determined by the directors of Alliance & Leicester in accordance with a scheme agreed after consultation with the Bank of England and the Building Societies Commission in relation to the whole or any part of the personal bank and all property, rights and liabilities of, or held by, Girobank plc in connection with the personal bank; the validation of references in deeds and other instruments; provision for membership of Alliance & Leicester, the saving of contracts, statutory provisions and other documents, bailment, securities and proceedings and the provisions of the Bankers' Books Evidence Act 1879; the continuance of accounts; saving for the powers of Alliance & Leicester, Girobank or either of them to deal in any way with the assets and liabilities of their respective businesses and to carry on or discontinue either or both those businesses; and to make further provision supplementary to or consequential upon the purposes aforesaid, including the application of the intended Act to Scotland and Northern Ireland.

On and after 4th December 1991 a copy of the Bill for the intended Act may be inspected and copies obtained at the price of 50p each at the head office of Alliance & Leicester at 49 Park Lane, London; at the Alliance & Leicester Building Society, Scottish Administration Centre, Broughton, Edinburgh; at the Alliance & Leicester Building Society, Regional Office, 63 Royal Avenue, Belfast; and at the offices of the undermentioned Secretary and Parliamentary Agents.

Objection to the Bill may be made by depositing a Petition against it. If the Bill originates in the House of Commons the latest date for depositing such a Petition in the Private Bill Office of that House will be 30th January 1992; if it originates in the House of the Lords the latest date for depositing such a Petition in the office of the Clerk of the Parliaments in that House will be 6th February 1992. Further information may be obtained from the Private Bill Office of the House of Commons, the office of the Clerk of the Parliaments, House of Lords or the undermentioned Parliamentary Agents.

DATED 2nd December 1991

J. HEPPLEWHITE,
Alliance & Leicester Building Society,
Hove Park,
Hove,
East Sussex, BN3 7AZ
Secretary

SHERWOOD & CO.,
35 Great Peter Street,
Westminster
London SW1P 3LR
Parliamentary Agents

LEGAL NOTICE

FRAMETEC LIMITED
Registered No: 886725

Nature of business: Fabrication of aluminium windows and doors
Trade classification:06
Date of appointment of joint administrative receivers: 18 November 1991
Name of person appointing the joint administrative receivers: Lloyds Bank Plc
JOSEPH PATRICK CONSIDINE and RICHARD ANTHONY SMART
Joint Administrative Receivers
(Office holder nos 1768 and 2330)
of Cork Gully
Churchill House
Churchill Way
Cardiff
CF1 4XQ

JOHN WILLIAMS INDUSTRIES PLC
Registered number: 64330

Nature of business: holding company with property division
Trade classification: 38
Date of appointment of joint administrative receivers: 18 November 1991
Name of person appointing the administrative receivers: Lloyds Bank Plc
JOSEPH PATRICK CONSIDINE and C J BARLOW
Joint Administrative Receivers
(office holder Nos. 1768 and 552)
of Cork Gully
Churchill House
Churchill Way
Cardiff
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The interest payment date will be 29th May 1992.

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[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible] Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. [illegible]

CANADA

TORONTO

4:00 pm prices November 29

Quotations in cents unless marked $

[illegible]

Total Sales 10,088,200 shares

MONTREAL

4:00 pm prices November 29

[illegible]

Total Sales 10,088,200 shares

INDICES

NEW YORK

DOW JONES	Nov 29	Nov 28	Nov 27	Nov 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2894.68	(c)	2900.04	2916.14	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.19	(c)	97.30	97.29	97.92 (12/11)	91.30 (16/1)	97.92 (12/11/91)	54.99 (1/10/81)
Transport	1172.27	(c)	1174.14	1186.47	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.83	(c)	219.08	216.57	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2913.46 (c)) Low 2877.46 (c))

STANDARD AND POOR'S

	Nov 29	Nov 28	Nov 27	Nov 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	375.22	(c)	376.55	377.96	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	442.42	(c)	443.97	445.76	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	29.77	(c)	29.97	30.20	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	207.76	(c)	208.22	208.77	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	370.68	(c)	370.00	370.66	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	523.90	(c)	522.78	522.23	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Nov 22	Nov 15	Nov 8	year ago (approx.)
Dow Industrial Div. Yield	3.15	3.10	3.05	4.06
	Nov 20	**Nov 13**	**Nov 6**	**year ago (approx.)**
S & P Industrial div. yield	2.80	2.67	2.72	3.42
S & P Indl. P/E ratio	22.79	22.04	21.19	15.37

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Nabisco (RJ)	2,038,900	9⅞	+ ⅛
IBM	1,640,000	92½	- 1¼
Glaxo	1,608,500	27¼	- ⅛
Northeast Util	883,200	22¾	—
PSEG	854,600	28¾	+ ⅛
BankAmerica	841,600	31¼	- ⅛
Citicorp	838,500	10⅝	—
Philip Morris	830,500	67¼	- ⅛
Ohio Ed	796,200	20⅝	—
Chase Mnhttn	729,600	15	- ⅞

TRADING ACTIVITY

† Volume Millions	Nov 29	Nov 28	Nov 27
New York SE	76,790	(c)	160.530
Amex	6,921	(c)	11.983
NASDAQ	(u)	(c)	134.410
NYSE			
Issues Traded	2,059	-	2,131
Rises	748	-	731
Falls	762	-	855
Unchanged	549	-	545
New Highs	22	-	29
New Lows	44	-	49

CANADA

TORONTO	Nov 29	Nov 28	Nov 27	Nov 26	1991 HIGH	1991 LOW
Metals & Minerals	2846.05	2854.58	2850.03	2892.05	3299.99 (18/7)	2632.06 (9/1)
Composite	3448.51	3436.64	3440.12	3448.32	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1815.84	1810.02	1811.19	1812.74	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov 29	Nov 28	Nov 27	Nov 26	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1605.7	1604.7	1618.5	1620.2	1696.3 (8/11)	1204.5 (16/1)
All Mining (1/1/80)	638.5	640.5	646.5	646.0	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	412.41	413.87	414.22	414.77	534.81 (16/4)	385.58 (4/11)
BELGIUM						
BEL20 (1/1/91)	1069.06	1070.82	1076.60	1080.70	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	354.24	354.28	354.45	353.55	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	847.1	831.1	823.2	825.9	1186.9 (8/4)	810.3 (14/11)
FRANCE						
CAC General (31/12/82)	477.39	480.22	481.59	477.68	503.51 (15/11)	394.86 (15/1)
CAC 40 (31/12/87)	1739.70	1754.88	1757.86	1768.97	1887.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	642.82	650.82	653.11	656.65	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1814.60	1837.40	1844.80	1854.40	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1566.57	1588.16	1586.16	1602.87	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4149.80	4145.61	4179.30	4202.10	4271.34 (15/11)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1363.30	1355.03	1370.90	1379.16	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	518.50	520.77	517.15	510.87	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22687.35	22780.42	22973.28	23112.09	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1731.38	1734.18	1750.57	1753.37	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2528.55	2541.38	2558.68	2558.13	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	532.09	532.32	536.18	537.07	635.82 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Tt.Rtn.Gen.(End 1983)	273.2	273.6	274.1	274.9	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	191.9	192.2	192.5	193.1	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE Ind. (2/1/83)	624.56	634.16	636.99	640.75	793.53 (26/8)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1088.08	1092.04	1094.99	1090.07	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	393.12	392.96	394.50	393.46	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1233.0	1236.0	1242.0	1255.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4220.0	4208.0	4222.0	4220.0	4364.0 (13/11)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	652.47	660.73	649.03	649.32	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	246.42	246.71	244.24	244.19	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	954.80	946.90	942.30	946.30	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	719.7	727.6	729.7	732.7	769.3 (14/11)	598.4 (14/1)
SBC General (1/4/87)	586.9	592.4	594.3	597.9	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4391.61	4463.58	4471.00	4529.62	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	671.07	667.86	668.68	664.57	908.13 (19/6)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	499.9*	501.9	503.7	509.2	529.2 (17/4)	439.1 (16/1)

**Saturday November 23: Taiwan Weighted Price: 4505.80; Korea Comp Ex. 660.57.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Friday, 29 November 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Meiji Milk Prod	13.1	1,030	-110	Hitachi Zosen	3.9	626	-24
Okamoto	9.3	1,110	-80	Kawasaki Steel	3.7	348	-18
Meiji Seika	7.4	985	-65	Japan Storage	3.6	1,000	-50
Nippon Steel	4.6	378	-4	Nisshin Steel	3.4	442	-10
Japan Steel	4.5	585	-1	Hitachi	3.3	904	+10

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Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
High Income						
Gilts & Fixed Int	6	115.9	115.9	123.0	9.35	40001
High Inc Equity	6	125.6	128.8xd	137.0	6.20	40002
Worldwide Bond	6	211.0	211.0xd	223.9	6.70	40003
Capital Growth						
American Growth	6	194.6	195.7	208.1	1.07	40004
Asian Pacific	6	119.5	122.0	129.7	1.21	40005
Assets & Earnings	6	174.1	177.8xd	189.1	3.17	40006
Capital Reserve Acc	0	110.5	110.5	110.5	6.86	40007
Capital Reserve Inc	0	87.36	87.36	87.40	6.86	47980
Commodity & Energy	6	74.13	75.59	80.41	1.69	40008
1992 Enterprise	6	63.49	64.91	69.05	2.98	46597
Euro Capital Acc	6	83.71	84.90	90.31	1.15	40009
Euro Capital Inc	6	79.97	81.12	86.29	1.16	47981
General	6	165.8	169.0	179.7	2.78	40010
Japan	6	92.81	93.90xd	99.89	–	40011
Mastertrust	6	87.73	89.11	94.79	2.70	40012
UK Growth Acc	6	169.6	176.9	188.1	2.12	40013
UK Growth Dist	6	107.8	112.4xd	119.5	2.16	40014
US Emerging Cos	6	71.60	72.91	77.56	–	40015
Income & Growth	6	287.4	293.1xd	311.8	4.49	40016
Ethical	6	52.80	54.14	57.59	2.71	40017
International	6	60.92	61.33	65.24	1.35	46652
Dividend & Growth	6	47.09	48.30	51.38	5.84	47871
Global Gwth & Sec	6	52.65	52.91	56.28	3.09	46946

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the *FT Managed Funds Service*.

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Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Cash	1	49.76	49.76xd	50.26	10.6	45296
Conv'd Pr'rnance	5½	47.96	48.23	51.44	9.35	46075
Ethical	5½	47.63	48.61	51.71	4.91	45995
European Growth	5½	45.40	45.52	48.55	3.1	46171
Income	5½	45.08	45.55	48.59	7.85	41394
Intl Growth	5½	62.03	62.18	66.32	3.44	41395
Managed	5½	55.78	56.15	59.89	4.74	41396
UK Growth	5½	48.76	49.35	52.64	5.92	41397

Standard Chartered Equitor (1200)F
69 Old Broad Street, EC2M 1QS 071-280 6521

Mngd Exempt Acc	3	185.7	187.9	195.7	3.14	41499
Do Income	3	177.2	179.4	186.8	3.14	41321

Standard Life Tst Mngmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

Managed Acc	5¼	34.39	34.39	36.54	2.61	41398
UK Equity Gth Acc	5¼	45.90	46.79	49.72	2.21	41399
UK Eq High Inc Inc	5¼	29.53	30.24xd	32.14	6.33	41400
UK Eq High Inc Acc	5¼	33.20	34.01	36.14	6.33	46982
UK Equity Gen Acc	5¼	44.03	44.76	47.56	3.55	41401
UK Equity Gen Inc	5¼	34.49	35.03	37.22	3.55	41402
UK Larger Cos Acc F	7½	287.9	291.7	316.6	4.76	41403
UK Larger Cos Inc F	7½	231.8	235.0	255.0	4.76	41404
Gilt & Fxd Int Inc	5¼	27.18	27.25xd	28.82	7.97	41405
O'seas Larg Cos Acc F	7½	204.3	208.3	226.1	2.24	41406
Nth American Acc	5¼	32.79	33.00	35.07	0.84	41407
Far East Acc	5¼	39.40	40.38	42.91	-	41408
European Acc	5¼	32.52	34.16	36.30	1.65	41409

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

American ψ	5	270.9	270.9xd	289.7	0.90	41410
(Accum Units) ψ	5	318.8	318.8	340.9	0.90	41411
British	5	782.6	792.6	838.5	6.18	41416
(Accum Units)	5	1285.8	1302.2	1377.6	6.18	41417
European	5	312.3	312.3xd	332.6	1.55	41418
(Accum Units)	5	338.5	338.5	360.5	1.55	41419
Japan	5	109.4	109.4	116.3	-	41420
(Accum Units)	5	110.2	110.2	117.2	-	41421
New Pacific	5	169.2	169.2	179.9	1.93	46385
(Accum Units)	5	173.7	173.7	184.7	1.93	47904
PEP Nov 27	5	141.7	143.7	152.0	3.70	47598
Mngd Equity	5	118.6	120.4	127.4	3.57	47586
Mngd Equity Acc	5	125.8	127.7	135.1	3.57	40556
Mngd Cash	5	96.57	96.57	99.47	10.12	47585
(Accum Units)	5	116.7	116.7	120.2	10.12	40267
Mngd Fund Inc Acc Nov 27	5	121.1	121.1	127.2	6.89	42132
Majority Stkg	1	100.61	100.61	101.61	9.98	42703
Majority Stkg Acc	1	107.55	107.55	108.62	9.98	[illegible]

	Bid Price	Offer Price	Yield Gross	City-line

Funds in Court*

Capital Nov 28	480.30	483.83	2.92	40505
Gross Nov 28	179.53	180.97	10.78	40506
High Yield Nov 28	279.39	281.62	7.81	40507

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

Pensions Mngd	150.36	51.45xd	3.96	40676

INVESCO MIM Management Ltd
Exempt Funds

Intl Mngd P'Folio	1137.0	1226.0	-	46964
Mngd Pens (Acc)	65.2	69.5	-	41007

Lazard Brothers & Co. Ltd

Property Sept 5	£2440.0	2680.0	6.00	40777
Inc Gth Prp Apr 16	£1375.0	1460.0	7.20	40778

Lazard Investors Ltd #
Exempt Funds

Small Co's Nov 29	£3971.5	4143.4	3.94	40766
European Nov 29	£534.2	541	2.10	40776
American Nov 29	£331.7	355.5	2.42	40773
Japan Nov 29	£477.4	483.0	1.35	40774
Pacific Nov 29	£136.8	140.5	1.97	40775
W Midlands Sep 30	£147.60	164.90	2.40	40771

Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AQ 071-588 1815

Property Oct 31	193.25	197.20	7.85	40825
Equity Oct 31	896.05	908.60	3.97	40826

* Available only to Local Authorities

M & G Securities Ltd

Charibond Nov 28	101.1xd		10.66	40883
(Accum Units)	596.39		10.66	40884
NAACIF Nov 26	40.67xd		9.67	46917

Morgan Grenfell Investment Funds Ltd
Exempt Funds

UK Equity † Nov 29	121.3	130.4	2.08	46925
UK Small Co † Nov 29	538.2	589.8	5.39	46926
Fixed Interest † Nov 29	108.4	114.0	8.77	46920
US Small Co Nov 29	148.8	159.2	0.00	46927
Managed Nov 29	105.5	113.0	3.49	46924
Intl Bond Nov 29	117.8	124.3	10.31	47790
Japan Nov 29	71.14	76.06	0.39	47877
European Nov 29	84.60	90.68	2.04	47876
Nth American Nov 29	106.2	114.6	1.49	47878

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Societe Generale Touche Remnant UT Mngmt

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

For Touche Rem see Societe Gen Touche Rem

Sterling Int Inv Mngrs Ltd (1200)F

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)F

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

For Touche Remnant see Soc Gen Touche Remnant

Trades Union Unit Tst Mngrs (1200)H

For Tyndall see Argis

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

For Wright Seligman see Chartered Asset Mangt

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Investment Fund

CAF/INVEST–Charities Aid Foundation

COIF–Charities Official Inv Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

INSURANCES

Abbey Life Assurance Co Ltd

AEGON Life Assurance Co (UK) Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

CCL Assurance Ltd

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

For Crusader Insurance see Britannia Life Assurance

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration(a)

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Legal & General–Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

Manchester Unity Assurance

Manulife Group

Manulife Group–Contd.

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

MEL Britannia Assur Co Ltd

NEL Pensions Ltd

MGM Assurance

NM Life Assurance

Continued on next page

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JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

هكذا من الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

Portuguese escudo under pressure

THE LISBON and Helsinki money markets had little in common until this month. But when the Finnish government was forced to devalue the markka, it put the spotlight back on to the other European nations which eventually hope to join the Exchange Rate Mechanism.

International money has flowed into these "peripheral" countries, attracted by the higher rates of interest made necessary by shadowing the D-Mark.

Hence, the decision by the Helsinki authorities has been a rude awakening for some investors and a salutary warning that European exchange rates are not yet fixed.

The D-Mark rose during November from 86.25 escudos to 89.75. While other European currencies have also declined against the D-Mark, the escudo has fallen further, caught up in the panic that followed the Finnish devaluation.

According to Mr Christian Dunis at Chemical Bank in London, the Portuguese government has been targeting the escudo in a 2¼ per cent band on either side of 87.60 since early last year. With the D-Mark close to that level, the Bank of Portugal was forced to defend the escudo last week.

But the comparisons between the markka and escudo should not be be taken too far. The escudo is also being depressed by lower money market rates and the weaker peseta. Finally, Portugal assumes the EC presidency next year and that could be the moment when it joins the ERM. This should provide security to investors worried that Lisbon may not be fully committed to stabilising the escudo.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

£ IN NEW YORK

Nov.29	Close	Previous Close
£ Spot	1.7670-1.7680	1.7680-1.7690
1 month	0.81-0.80pm	0.89-0.87pm
3 months	2.45-2.42pm	2.45-2.42pm
12 months	8.90-8.83pm	8.95-8.85pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Nov.29	Previous
8.30	am	90.5	90.3
9.00	am	90.4	90.3
10.00	am	90.4	90.4
11.00	am	90.4	90.4
Noon		90.5	90.4
1.00	pm	90.6	90.4
2.00	pm	90.6	90.3
3.00	pm	90.6	90.4
4.00	pm	90.6	90.4

OTHER CURRENCIES

Nov 29	£	$
Argentina	17443.8 - 17471.3	9900.00 - 9910.00
Australia	2.2500 - 2.2520	1.2765 - 1.2775
Brazil	1461.05 - 1462.15	829.200 - 829.350
Finland	7.7725 - 7.7860	4.4095 - 4.4145
Greece	323.600 - 330.050	183.700 - 186.640
Hong Kong	13.6600 - 13.6730	7.7600 - 7.7620
Iran	116.10*	66.00*
Korea(Sth)	1324.40 - 1345.75	750.00 - 759.00
Kuwait	0.51255 - 0.51325	0.28420 - 0.28450
Luxembourg	59.20 - 59.30	33.55 - 33.65
Malaysia	4.8470 - 4.8550	2.7515 - 2.7535
Mexico	5356.50 - 5369.05	3040.00 - 3042.00
N.Zealand	3.1365 - 3.1400	1.7795 - 1.7815
Saudi Ar	6.5695 - 6.6465	3.7495 - 3.7505
Singapore	2.9320 - 2.9390	1.6665 - 1.6685
S.Af (Cm)	4.9200 - 4.9320	2.7960 - 2.7975
S.Af (Fn)	5.3490 - 5.4310	3.0350 - 3.0815
Taiwan	45.55 - 45.75	25.85 - 25.95
U.A.E.	6.4330 - 6.5100	3.6715 - 3.6735

*Official rate Floating rate £-2513.0 $-1418.0

CURRENCY MOVEMENTS

Nov 29	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.6	-21.3
U.S Dollar	63.5	-15.9
Canadian Dollar	105.6	+2.9
Austrian Schilling	109.9	+12.2
Belgian Franc	111.6	-1.6
Danish Krone	108.9	+3.2
D-Mark	118.7	+25.3
Swiss Franc	109.4	+17.9
Dutch Guilder	114.5	+16.5
French Franc	102.9	-13.0
Lira	98.8	-19.9
Yen	140.8	+73.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Nov 27

CURRENCY RATES

Nov 29	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.782582	0.709926
U.S Dollar	5.00	1.38791	1.24947
Canadian $	8.17	1.57805	1.41715
Austrian Sch	7.50	15.7347	14.3627
Belgian Franc	8.00	46.0162	42.0165
Danish Krone	9.50	8.68485	7.92976
D-Mark	7.50	2.23495	2.04038
Dutch Guilder	8.00	2.51725	2.29952
French Franc	10¼	7.63767	6.96642
Italian Lira	11½	1686.07	1536.47
Japanese Yen	5.00	179.526	162.493
Norway Krone	8	8.79159	8.01847
Spanish Peseta	-	142.391	129.607
Swedish Krona	10.00	8.18312	7.45558
Swiss Franc	7.00	1.97916	1.79861
Greek Drach	19	N/A	231.989
Irish Punt	-	N/A	0.765325

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Nov.27

POUND SPOT - FORWARD AGAINST THE POUND

Nov 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7535 - 1.7655	1.7645 - 1.7655	0.80-0.79cpm	5.41	2.43-2.40pm	5.47
Canada	1.9920 - 2.0040	2.0010 - 2.0020	0.53-0.47cpm	3.00	1.54-1.43pm	2.97
Netherlands	3.2205 - 3.2440	3.2300 - 3.2400	⅜-¼cpm	1.16	⅞-⅝pm	0.93
Belgium	58.75 - 59.35	59.20 - 59.30	9-4cpm	1.32	20-15pm	1.18
Denmark	11.0975 - 11.2185	11.1725 - 11.1825	1⅞-1oreprn	1.27	3¼-2½pm	1.03
Ireland	1.0750 - 1.0810	1.0770 - 1.0780	0.05-parcpm	0.28	0.10-parpm	0.19
Germany	2.8665 - 2.8735	2.8675 - 2.8725	⅜-⅛pfpm	1.05	⅞-⅝pm	1.05
Portugal	253.55 - 256.45	254.65 - 255.65	12-25cdis	-0.87	43-116dis	-1.25
Spain	181.90 - 183.20	182.45 - 182.75	29-36cdis	-2.14	48-97dis	-1.59
Italy	2155.65 - 2168.30	2161.25 - 2162.75	3-5liredis	-2.22	8-10dis	-1.67
Norway	11.2380 - 11.3400	11.3025 - 11.3125	⅛-¼orepm	0.46	1¼-½pm	0.29
France	9.7730 - 9.8260	9.7950 - 9.8050	¾-½cpm	0.77	2¼-1¼pm	0.82
Sweden	10.4565 - 10.5625	10.5100 - 10.5200	1-1¼oredis	-1.28	2⅞-3¼dis	-1.09
Japan	228.50 - 230.00	229.00 - 230.00	⅞-¾ypm	4.25	2⅝-2½pm	4.47
Austria	20.11 - 20.31	20.20 - 20.23	2⅞-1⅛cpm	1.08	6½-3½pm	0.99
Switzerland	2.5260 - 2.5400	2.5300 - 2.5400	½-⅜cpm	2.37	1⅝-1⅜pm	2.37
Ecu	1.4060 - 1.4115	1.4105 - 1.4115	0.04-parcpm	0.17	0.05-parpm	0.07

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.75-4.70cpm. 12 Month 8.90-8.80cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7535 - 1.7655	1.7645 - 1.7655	0.80-0.79cpm	5.41	2.43-2.40pm	5.47
Ireland†	1.6290 - 1.6385	1.6360 - 1.6370	0.73-0.68cpm	5.17	2.26-2.16pm	5.40
Canada	1.1330 - 1.1365	1.1345 - 1.1355	0.20-0.23cdis	-2.27	0.69-0.73dis	-2.50
Netherlands	1.8310 - 1.8445	1.8325 - 1.8335	0.66-0.70cdis	-4.45	2.09-2.14dis	-4.62
Belgium	33.45 - 33.70	33.55 - 33.65	11.00-13.00cdis	-4.29	36.00-40.00dis	-4.52
Denmark	6.3175 - 6.3610	6.3300 - 6.3350	2.10-2.40oredis	-4.26	6.95-7.55dis	-4.58
Germany	1.6245 - 1.6375	1.6260 - 1.6270	0.60-0.62pfdis	-4.50	1.86-1.89dis	-4.61
Portugal	144.65 - 145.30	144.65 - 144.75	72-79cdis	-6.26	240-260dis	-6.91
Spain	103.35 - 104.15	103.60 - 103.70	65-68cdis	-7.70	195-202dis	-7.66
Italy	1224.50 - 1233.15	1224.50 - 1225.00	7.50-8.00liredis	-7.59	21.30-22.30dis	-7.12
Norway	6.3940 - 6.4385	6.4050 - 6.4100	2.55-2.85oredis	-5.06	8.25-8.75dis	-5.31
France	5.5500 - 5.5890	5.5500 - 5.5550	2.19-2.24cdis	-4.79	6.68-6.78dis	-4.85
Sweden	5.9480 - 5.9940	5.9550 - 5.9600	3.35-3.60oredis	-7.00	9.75-10.20dis	-6.70
Japan	129.85 - 130.30	130.00 - 130.10	0.12-0.13ydis	-1.15	0.35-0.37dis	-1.11
Austria	11.4475 - 11.4950	11.4625 - 11.4675	4.15-4.60grodis	-4.58	12.40-13.70dis	-4.55
Switzerland	1.4325 - 1.4425	1.4360 - 1.4370	0.36-0.40cdis	-3.17	1.15-1.20dis	-3.27
Ecu	1.2450 - 1.2535	1.2515 - 1.2525	0.56-0.53cpm	5.22	1.68-1.62pm	5.27

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Nov.29	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.765	2.870	229.5	9.800	2.535	3.235	2162.	2.002	59.25	1.411
$	0.567	1	1.626	130.0	5.552	1.436	1.833	1225	1.134	33.57	0.799
DM	0.348	0.615	1	79.97	3.415	0.883	1.127	753.3	0.698	20.64	0.492
YEN	4.357	7.691	12.51	1000.	42.70	11.05	14.10	9420	8.723	258.2	6.148
F Fr.	1.020	1.801	2.929	234.2	10.	2.587	3.301	2206	2.043	60.46	1.440
S Fr.	0.394	0.696	1.132	90.53	3.866	1	1.276	852.9	0.790	23.37	0.557
N Fl.	0.309	0.546	0.887	70.94	3.029	0.784	1	668.3	0.619	18.32	0.436
Lira	0.463	0.816	1.327	106.2	4.533	1.173	1.496	1000.	0.926	27.41	0.653
C$	0.500	0.882	1.434	114.6	4.895	1.266	1.616	1080	1	29.60	0.705
B Fr.	1.688	2.979	4.844	387.3	16.54	4.278	5.460	3649	3.379	100.	2.381
Ecu	0.709	1.251	2.034	162.7	6.945	1.797	2.293	1532	1.419	41.99	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

Nov 29	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10¼ - 10½	10⅜ - 10⅜	10⅜ - 10⅜	10⅜ - 10⅜	10⅝ - 10½	10¾ - 10½
US Dollar	4⅝ - 4½	4⅝ - 4½	5⅛ - 5⅛	5 - 4⅞	4⅞ - 4⅞	5 - 4⅞

FT LONDON INTERBANK FIXING

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Treasury Bills and Bonds

Fed.funds	4⅜	One year	4.67	10-year	7.37
Fed.funds at intervention	-	Two year	5.37	30-year	7.93

Nov.29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.15-9.25	9.30-9.50	9.25-9.45	9.25-9.45	9.25-9.45	9.25
Paris	9⅝-9¾	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅝-9¾	9.25
Zurich	6⅝-6⅝	7⅞-8⅛	-	7⅞-8⅛	-	-
Amsterdam	9.18-9.31	9.24-9.34	-	9.38-9.48	-	-
Tokyo	6⅛-6¼	6⅛-6⅛	-	6⅛-6⅛	-	-
Milan	11⅝-11¾	12⅞-12⅞	-	12⅝-12⅞	-	-
Brussels	9.19-9.31	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10-10¼	10⅜-10½	10⅜-10½	10⅜-10⅝	10⅜-10½	-

LONDON MONEY RATES

Nov 29	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13	10¾	10¾	10⅞	10⅝	10⅝
Interbank Bid	10	10½	10½	10⅝	10½	10½
Sterling CDs	-	-	10⅞	10⅞	10⅞	10⅞
Local Authority Deps.	10¾	10⅝	10⅝	10⅞	10⅝	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11	10½	-	-	-	-
Company Deposits	-	-	10¾	10⅞	10¾	10¾
Finance House Deposits	-	-	10⅞	10⅞	10⅝	10⅝
Treasury Bills (Buy)	-	-	10⅜	10⅛	9⅞	-
Bank Bills (Buy)	-	-	10⅜	10⅜	9⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.17	4.88	4.85	4.93
SDR Linked Dep. Offer	-	-	7⅛	7⅛	7⅛	7⅛
SDR Linked Dep. Bid	-	-	6⅞	6⅞	6⅞	6⅞
ECU Linked Dep. Offer	-	-	10⅜	10⅜	10⅜	10⅜
ECU Linked Dep. Bid	-	-	10⅛	10⅛	10⅛	10⅛

Treasury Bills (sell); one-month 10⅜ per cent; three months 10⅛ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅜ per cent; three months 10⅜ per cent; Treasury Bills; Average tender rate of discount 10.0806 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 29, 1991. Agreed rates for period Dec.25, 1991 to January 25, 1992, Scheme I: 11.74 p.c., Schemes II & III: 11.75 p.c. Reference rate for period November 1, 1991 to November 29, 1991, Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from December 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991, Deposits withdrawn for cash 5 per cent.

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Dec	99-24	99-25	99-17	99-12
Mar	98-26	98-27	98-20	98-14
Jun	97-27	97-28	97-21	97-14
Sep	96-27	96-27	96-24	96-14
Dec	95-27	95-27	95-24	95-14

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Close	High	Low	Prev.
Dec	0.7695	0.7698	0.7680	0.7672
Mar	0.7674	0.7677	0.7659	0.7650
Jun	0.7659	-	-	0.7635
Sep	0.7652	-	-	0.7628

PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
1.675	11.58	9.05	9.23	9.23	0.03	0.42	1.21	1.89
1.700	6.65	6.83	7.11	7.26	0.09	0.85	1.89	2.60
1.725	4.33	4.85	5.31	5.60	0.40	1.53	2.75	3.62
1.750	2.47	3.23	3.84	4.20	1.05	2.51	3.91	4.87
1.775	1.17	2.09	2.73	3.09	2.32	3.85	5.38	6.38
1.800	0.46	1.25	1.89	2.27	4.07	5.54	7.06	8.01
1.825	0.12	0.70	1.24	1.60	6.23	7.50	8.89	9.86

Previous day's open int*: Calls 353,020 Puts 421,678 (All currencies)*November 27
Previous day's volume*: Calls 20,230 Puts 35,804 (All currencies)*November 27

FINANCIAL TIMES STOCK INDICES

	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 22	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs.	86.04	85.70	85.76	85.68	85.68	85.88	87.94	82.17	127.4	49.18
Fixed Interest	95.68	95.47	95.44	95.36	95.42	95.66	97.17	90.59	105.4	50.53
Ordinary	1840.1	1856.4	1867.9	1887.7	1876.3	1866.8	2108.3	1606.3	2108.3	49.4
Gold Mines	171.4	171.2	170.6	172.2	174.2	169.0	222.8	127.0	734.7	43.5
FT Act All-Share	1168.85	1174.63	1183.03	1192.58	1185.34	1182.51	1284.07	987.46	1284.07	61.92
FT-SE 100	2420.2	2428.6	2447.5	2471.5	2456.2	2446.3	2679.6	2054.8	2679.6	986.9
FT-SE Eurotrack 100	1062.86	1070.76	1069.79	1071.48	1060.67	1066.84	1165.54	900.45	1165.54	900.45
FT-SE Eurotrack 200	1107.23	1111.76	1114.19	1125.86	1110.51	1113.89	1198.60	938.62	1198.60	938.62

LONDON SHARE SERVICE

BRITISH FUNDS

	Price £	W'k % change	Amnt £m	Interest due		Last xd	City line
Five to Fifteen Years							
Treas 13¼pc 1997‡‡	112	-	1,290	Jy22	Ja22	17.6	1302
Exch 10½pc 1997	102	0.2	3,300	Au21	Fe21	15.7	1253
Treas 8¾pc 1997‡‡	95	0.2	3,860	Mr1	Se1	28.7	1341
Exch 15pc 1997	120⅝	0.1	839	Ap27	Oc27	28.9	1269
9¾pc 1998	98⅞	0.2	3,050	Jy19	Ja19	12.6	1273
Undated							
Consols 4pc	40	0.3	359	Fe1	Au1	25.6	1239
War Loan 3½pc‡‡	36	0.3	1,909	Je1	De1	25.10	1352
Conv 3½pc '61 Aft	69	0.2	135	Ap1	Oc1	27.8	1243
Treas 3pc '66 Aft	29xd	0.4	56	Ap5	Oc5	2.9	1324
Consols 2½pc	25xd	0.5	275	5JaApJyOc		2.9	1238
Treas. 2½pc	24	0.5	475	Ap1	Oc1	27.8	1315

	Price £	W'k % change	Amnt £m	Interest due	Last xd	City line
B'ham 11½pc 2012	102	0.5	45	My15 Nv15	17.4	1837
Ireland Cap 8½pc '10	99½	-4	304	1Apr1Oct	-	1465
9pc Cap 1996	97⅝	-5	725	30Jan30Jul	-	-
13pc '97-02	114	-4	315	1Apr1Oct	28.8	1428
GLC 6¾pc 1990-92	99	0.1	40	Fe15 Au15	16.7	2847
Hydro Quebec 15pc 2011	129	0.1	40	My31 Nv31	27.10	-
Int-Am Dev 12½pc 2003	113	0.4	75	Ja8 Jy8	7.12	-
9¾pc 2015	94	-	175	My15 Nv15	13.10	-
Leeds 13½pc 2006	118	0.4	40	Ap1 Oc1	12.3	3146
Liverpool 3½pc Irred	30	-	5	1JaApJeOc	1.8	3169
LCC 3pc '20 Aft	27	-	26	1MrJeSeDe	7.8	-
Manchester 11½pc 2007	102½	0.5	7	Ap25 Oc25	30.8	3275
Met. Wtr. 3pc 'B'	62	-	25	Mr1 Se1	1.8	3361
N'wide Anglia 3⅝pc 2021	106	0.2	60	Ja30 Jy30	31.12	3465
4¼pc IL 2024	108	-5	50	Fe23 Au23	19.2	-
Sth Rhod 87-92 Asstd	98½	1.0	3	Fe7 Au7	7.1	-
Utd Mex States 16½pc 2008	123½	-2	50	Mr1 Se1	28.1	-

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY NOVEMBER 29 1991 US Dollar Index	% chg ($) since 31/12/90	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/90	Gross Div. Yield	THURSDAY NOVEMBER 28 1991 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1991 High	1991 Low	Year ago (approx)
Australia (69)	150.77	+27.7	126.64	123.94	127.49	128.05	+25.8	4.55	150.63	126.48	123.80	126.80	127.66	160.31	112.74	122.01
Austria (20)	166.90	-15.1	140.19	137.20	141.13	141.29	-7.6	2.03	167.92	140.81	137.83	141.17	141.10	222.37	153.66	195.30
Belgium (47)	130.96	-1.0	110.00	107.65	110.74	108.51	+7.5	5.46	131.98	110.67	108.32	110.95	108.54	151.20	118.04	133.63
Canada (115)	137.15	+5.5	115.21	112.74	115.97	112.72	+3.2	3.30	136.57	114.52	112.09	114.80	112.24	144.28	126.49	125.80
Denmark (37)	252.00	+8.3	211.68	207.16	213.09	217.04	+18.7	1.65	254.17	213.14	208.63	213.68	216.84	270.56	217.74	243.68
Finland (15)	77.71	-24.7	65.27	63.88	65.71	71.95	-8.3	3.38	78.21	65.59	64.20	65.75	71.67	125.15	77.43	104.60
France (109)	138.48	+5.1	116.32	113.83	117.09	120.61	+14.7	3.67	140.00	117.40	114.90	117.88	121.27	152.26	119.11	137.31
Germany (65)	109.38	-2.2	91.88	89.93	92.50	92.50	+6.3	2.49	111.47	93.48	91.51	93.71	93.71	125.35	94.15	115.24
Hong Kong (55)	170.71	+40.1	143.40	140.34	144.36	170.10	+39.5	4.36	170.70	143.15	140.11	143.51	169.97	176.14	119.82	120.65
Ireland (18)	152.72	+2.9	128.28	125.54	129.14	131.49	+11.7	3.81	155.28	130.21	127.45	130.54	132.60	182.46	132.88	147.07
Italy (77)	71.96	-8.1	60.45	59.15	60.85	65.82	-0.2	3.52	72.80	61.05	59.75	61.20	66.20	88.23	64.76	78.17
Japan (474)	131.77	+5.6	110.69	108.32	111.44	108.32	+1.3	0.79	132.00	110.69	108.34	110.98	106.34	146.97	118.23	119.38
Malaysia (68)	203.79	-3.9	171.19	167.52	172.33	218.04	-2.1	2.88	203.79	170.89	167.27	171.32	215.64	247.78	189.18	187.59
Mexico (17)	1329.45	+127.5	1116.73	1092.89	1124.20	4420.24	+134.2	1.16	1321.52	1108.18	1084.71	1110.97	4408.32	1404.63	534.45	578.24
Netherland (31)	142.30	+6.3	119.53	116.98	120.33	119.06	+15.4	4.53	143.38	120.23	117.68	120.54	119.30	148.25	125.70	134.19
New Zealand (14)	48.10	+10.8	40.40	39.54	40.67	45.48	+16.0	6.11	48.36	40.55	39.70	40.66	45.66	54.64	41.18	47.86
Norway (30)	163.65	-19.9	137.47	134.54	138.39	142.33	-12.7	1.82	169.21	141.90	136.89	142.25	145.67	223.24	163.65	227.66
Singapore (38)	206.46	+29.6	173.43	169.73	174.59	158.65	+24.3	2.20	207.20	173.75	170.07	174.16	158.64	213.93	151.63	151.97
South Africa (61)	268.14	+46.6	225.24	220.42	226.74	179.24	+31.6	2.75	268.72	225.34	220.56	225.90	178.54	271.99	173.00	174.63
Spain (53)	145.84	+3.9	122.50	119.89	123.32	114.51	+12.7	4.81	148.20	124.27	121.65	124.59	114.63	171.12	131.51	143.78
Sweden (25)	169.92	+6.6	142.73	139.69	143.69	149.86	+12.9	2.96	170.29	142.80	139.78	143.16	148.99	204.12	146.60	157.91
Switzerland (59)	93.14	+4.7	78.23	76.57	78.77	82.94	+18.0	2.44	94.40	79.16	77.48	79.37	83.66	100.67	82.17	88.58
United Kingdom (239)	170.96	+3.2	143.61	140.53	144.55	143.61	+12.8	5.19	172.02	144.25	141.18	144.60	144.25	167.44	156.27	166.63
USA (525)	152.85	+14.7	128.40	125.66	129.26	152.85	+14.7	3.18	153.25	128.51	125.79	128.84	153.25	161.59	125.95	130.07
Europe (825)	136.96	+1.8	115.05	112.59	115.82	116.12	+11.3	4.15	138.36	116.02	113.56	116.32	116.77	151.52	125.50	136.26
Nordic (107)	172.63	+2.9	145.01	141.91	145.98	145.07	+11.4	2.28	174.16	146.04	142.95	146.41	145.04	200.61	166.55	173.15
Pacific Basin (716)	133.16	+7.3	111.85	109.47	112.60	110.46	+3.2	1.13	133.38	111.85	109.48	112.13	110.47	145.92	117.88	119.23
Euro-Pacific (1543)	135.00	+4.9	113.40	110.97	114.15	113.49	+6.4	2.35	135.69	113.79	111.37	114.06	113.75	147.66	121.29	128.51
North America (641)	151.80	+14.1	127.51	124.81	128.39	150.15	+14.0	3.19	152.14	127.58	124.89	127.92	150.48	160.44	125.91	129.72
Europe Ex. UK (586)	116.51	+0.9	97.87	95.80	98.55	100.24	+10.2	3.39	118.04	98.99	96.91	99.26	100.88	129.80	103.58	117.66
Pacific Ex. Japan (244)	146.88	+26.8	123.38	120.76	124.21	130.32	+25.8	4.17	146.98	123.26	120.66	123.58	130.20	153.19	111.40	116.78
World Ex. US (1736)	137.25	+8.0	115.29	112.84	116.06	115.23	+7.2	2.38	137.89	115.63	113.19	115.92	115.46	148.16	122.32	127.21
World Ex. UK (2023)	138.67	+9.8	116.48	114.00	117.27	125.32	+9.8	2.38	139.17	116.70	114.24	117.01	125.56	146.16	120.06	123.34
World Ex. So. Af. (2201)	140.63	+8.8	118.13	115.62	118.93	126.60	+9.7	2.67	141.18	118.39	115.89	118.70	126.88	148.66	122.92	126.90
World Ex. Japan (1788)	147.98	+10.7	124.30	121.66	125.15	137.38	+14.4	3.56	148.71	124.70	122.07	125.03	137.80	155.59	126.69	132.50
The World Index (2262)	141.49	+9.0	118.85	116.32	119.65	127.07	+9.9	2.67	142.04	119.11	116.59	119.42	127.35	149.37	123.28	127.18

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 129.22 (Local).
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Constituent change during the week ending 29/11/91: Deletion: Hawker Siddeley (U.K.).

ON 2ND DECEMBER 1991
KDB INTERNATIONAL (LONDON) LIMITED
THE WHOLLY OWNED UK SUBSIDIARY OF THE KOREA DEVELOPMENT BANK
AUTHORISED BY THE BANK OF ENGLAND AND A MEMBER OF THE SECURITIES AND FUTURES AUTHORITY LIMITED
IS CHANGING ITS NAME TO:
KDB BANK (UK) LIMITED
SERVICES INCLUDE:
UNDERWRITING AND TRADING INTERNATIONAL SECURITIES
CORPORATE BANKING
TRADE FINANCE
FOREIGN EXCHANGE
DEPOSITS
PLANTATION HOUSE
31-35 FENCHURCH STREET
LONDON EC3M 3DX
TELEPHONE NO. : 071-623-2960
TELEX : 886903 KDBLDN G
FAX : 071-283-4593

NOTICE OF PREPAYMENT
The Royal Bank of Canada
Yen 6,000,000,000 6.2 per cent. Notes 1993
Pursuant to clause (A) of paragraph Redemption and Purchase of the Terms and Conditions of the Notes, notice is hereby given that The Royal Bank of Canada will redeem, on 17th January, 1992, all the Notes remaining outstanding at their then Redemption Amount (as defined in clause (G) of paragraph Redemption and Purchase of the Terms and Conditions of the Notes), together with interest accrued to the date fixed for redemption.
Payment of interest due on 17th January, 1992, and reimbursement of the Redemption Amount will be made in accordance with the Terms and Conditions of the Notes.
Interest will cease to accrue on the Notes as from 17th January, 1992
Luxembourg, December 2, 1991
The Principal Paying Agent
Kredietbank Luxembourg

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

BANK OF ENGLAND TREASURY BILL TENDER

WEEKLY CHANGE IN WORLD INTEREST RATES

TOKYO			MILAN		
One month Bills	6⅛	-⅛	One month	12⅞	+⅞
Three month Bills	6⅛	-⅛	Three month	12½	+⅞
BRUSSELS			DUBLIN		
One month	9⅝	+⅛	One month	10⅞	-⅛
Three month	9½	+⅛	Three month	10⅞	+⅛
AMSTERDAM					
One month	9.290	+0.01			
Three month	9.390	+0.04			

OTHER FIXED INTEREST

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	Wk% change	Div gross	Dividends paid	Last xd	City line
Abbott Labs		32⅝xd	−.4	$1.80	FeMyAuNv	9.10	1503
♥Allegheny & W		233p	3.1	30c	–	–	–
Amcast		710pxd	−1.0	18p	NvMrJeAu	31.1	–
Amer Cyanamid		31	−2.7	$1.58	MrJeSeDe	27.2	–
Amer Express		18⅝xd	1.2	$1.00	FeMyAuNv	1.10	1594
Amer T & T		20⅞xd	−1.2	$1.32	FeMyAuNv	27.2	1597
Ameritech		34¼	2.2	$3.48	FeMyAuNv	28.3	–
BankAmerica		17¾xd	−8.4	$1.20	FeMySeDe	18.11	1744
Bankers NY		34⅞xd	1.3	$1.82	ApJyOcJa	27.9	1745
Bell Atlantic		25⅝xd	1.0	$2.52	FeMyAuNv	4.7	–
BellSouth		26¼	−.7	$2.76	FeMyAuNv	5.4	–
♥Bethlehem Steel		8⅝xd	−3.6	40c	MrJeSeDe	6.2	1821
Bowater		1143p	3.2	$1.20	OcJaApJy	8.8	1884
CPC		45⅞xd	1.0	$2.08	JaApJyOc	28.9	2263
California Engy		815p	−1.7	–	–	–	–
Campbell Soup		44⅝xd	4.9	$1.40	OcJaApJy	4.1	2050
Chase Manhattan		9	−3.0	$1.20	FeMyAuNv	30.10	2109
Chrysler		6⅝xd	—	60c	ApJyOcDe	11.9	2136
Citicorp		6⅞xd	—	–	–	28.10	2141
Colgate-Palm		23¼xd	3.8	$1.88	FeMyAuNv	22.10	2164
Cont'l Bank		497p	−3.6	60c	DeMrJeSe	31.5	–
Dana		14⅞xd	−7.3	$1.60	MrJeSeDe	25.11	2306
Data General		658p	5.4	–	–	–	–
Dial		24½xd	1.0	$1.40	JaApJyOc	28.6	2778
Dun & Brad		27⅜	3.1	$2.16	MrJeSeDe	18.2	–
Eaton		32⅝	1.8	$2.20	–	2.2	2410
Echlin		6⅞xd	−4.0	70c	JaApJyOc	1.7	3046
FPL		19½xd	0.3	$2.48	MrJeSeDe	28.11	–
Fluor		20⅝xd	0.6	32c	JaApJyOc	18.9	2609
Ford Motor		13⅝xd	−2.2	$1.60	MrJeSeDe	29.10	2615
Gen Elect		36⅞xd	−.7	$2.04	JaApJyOc	23.9	2675
♥General Host		381p	0.3	34c	–	13.12	–
Gillette		24⅛xd	1.0	82c	MrJeSeDe	24.5	2695
Hasbro		26¼	6.6	24c	JaApJyOc	1.8	–
Honeywell		33⅞xd	1.2	$1.65	MyJeSeDe	25.11	2919
Houston Inds		23¼	6.1	$2.98	MrJeSeDe	10.11	–
IBM		53⅛xd	—	$4.84	MrJeSeDe	5.8	2986
Ingersoll-Rand		24⅝xd	−8.6	$1.32	MrJeSeDe	18.11	2979

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	Wk% ch'nge	Div net	Dividends paid	Mkt cap£m	Last xd	City line
Sphere Inc		19½	-7.1	3.87	MyAuNvFe	29.6	28.10	4278
Zero Div Pf		66½	-7	—	—	78.6	—	5227
Warrants		3¼	-7.1	—	—	0.39	—	5978
Strata		147	-2.0	1.32	Feb	22.4	31.12	4127
Stratton		148½	-1.7	1.86	Jun	18.5	3.6	4128
TR City of Lon		117¼	-1.8	4.56	FeMyAuNv	212.7	14.10	4271
TR Euro Growth	s	94	-1.1	1.0	Oct	34.5	16.9	—
Ptg Sub	s	55	—	1.0	Oct	2.83	16.9	—
TR Far East Inc		78xd	-6.0	4.2	ApJyOcJa	36.2	25.11	4268
Warrants		17	—	—	—	1.57	—	—
TR High Inc	R	184	1.0	6.8	ApJyOcJa	22.5	14.10	2887
Sub	g	34	3.0	1.5	Jul	0.98	1.7	2936
TR Pacific		67	-1.5	0.25	Apr	44.8	11.3	4581
TR Prop		27½	—	1.48	Jan Jul	71.3	17.6	4282
TR Smaller		138	-2.8	3.7	Mar Sep	245.5	12.8	4285
TR Technology	s	95	-10.0	1.76	Aug	18.8	15.7	4282
Stepped Pf		98½	-1.6	5.61	Dec Jun	39.8	11.11	4999
Zero Pf		154½	-6	—	—	129.0	—	4998
Temple Bar	†	233	-1.5	11.9	Sep Mar	144.7	39.7	4191
6pc 2002		£111½	—	06%	Jan Aug	26.5	12.8	4188
Temple Em Mkts	es	187	-2.3	0.76	Sep	62.7	29.7	4898
Warrants		86	—	—	—	3.94	—	—
1pc Cv 2001		£163½	-.6	01%	Apr Oct	—	14.10	4928
Thornton Asian		69	—	0.5	Jun	59.8	29.4	5042
Warrants		11	—	—	—	2.20	—	5184
Thornton Pan Euro		27	—	0.87	Jan	4.05	20.5	2123
Warrants		5	—	—	—	0.18	—	—
Throg Dual Inc		101	-1.0	8.75	Nv Ap Jy	78.7	14.10	4216
Cap		338	-1.5	—	—	11.8	—	4216

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4:00 pm prices November 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp	0.48	3.9	16	252	12⅝	12⅛	12⅜	
22⅞	14½	A L Labs A	0.16	0.8	21	389	19¾	19	19½	−½
55¼	40⅞	AMP Inc	1.44	2.8	20	462	51⅝	51	51⅛	−⅝
68⅝	44¼	AMR			11	1514	59⅛	58½	58⅞	−⅛
2⅜	1	ARX			1	93	1⅛	d1	1	
56	41½	ASA x	3.00	6.0	14	499	50¼	49⅞	50⅛	+⅛
61⅞	39¼	Abbott Lab	1.00	1.7	23	1073	58	57⅜	57½	−⅛
14⅝	9⅞	Abitibi Pr	0.44	3.3	18	28	13⅞	13¼	13⅜	+¼
11⅝	10⅜	ACM Gvt In	1.28	11.6		272	11	10⅞	10⅞	
9¾	8⅜	ACM GvOpp	1.01	10.6		8	9⅝	9½	9⅝	+⅛
9½	8¼	ACM Gvt Sp x	1.01	10.9		182	9¼	9⅛	9¼	
11	9⅞	ACM Gvt Se x	1.28	12.0		114	10⅝	10½	10½	−⅛
9	7⅝	ACM Man	1.01	11.7		212	8⅝	8½	8⅝	+⅛
12⅞	11½	ACM Manage	1.35	11.0		226	12¼	12¼	12¼	
7½	4¼	Acme Cleve	0.40	6.3	14	104	6⅜	6⅛	6⅜	+⅛
6	3⅞	Acme Elect			3	10	5	4⅞	5	
40	22¼	Acuson			21	629	33½	33	33	−¼
20¾	14¼	Adams Exp x	5.08	28.6	0	46	17⅞	17¾	17¾	−⅛
20⅛	17½	Adobe12Pf	2.40	12.7		10	18⅞	18⅞	18⅞	−⅛
9¾	6⅜	Adobe Res			63	71	6⅜	d6⅛	6⅜	
38⅞	18	Ad Micro x				20	37⅝	37¼	37⅝	
14⅝	4⅝	Ad Micro P	3.00	20.9	71	1984	14⅜	14⅜	14⅜	
6⅛	2¼	Advest Grp	0.16	3.6	6	86	4⅜	4¼	4⅜	+⅛
49⅛	31⅞	Aetna Lf x	2.76	7.4	7	624	37⅝	37¼	37½	−⅛
10⅝	6⅝	Ahh A	0.24	2.8	78	790	8⅝	8⅜	8⅝	+⅜
20⅞	12	Ahmanson	0.88	6.3	8	760	14¼	13¾	13⅞	−¼
18⅞	2⅞	Aileen Inc			18	77	16¼	16	16¼	+¼
74⅛	51⅞	Air Pr Chm x	1.56	2.4	14	251	65⅛	64½	64⅞	
30	16⅜	Airbne Frt	0.30	1.4	15	278	21	20⅛	21	+⅛

Continued on next page

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Prev. Close
51¾	49¾	Xerox4.125 x				2	51	51	51	
25¼	14¼	Xtra 1.94				z100	22½	22½	23	
29¾	14¼	Xtra Corp	0.72	2.7	89	4	26⅞	26⅝	26⅞	+¾
27½	21¾	Yankee Egy	1.60	6.0	12	36	26⅝	26½	26½	-½
1½	⅜	Zapata			68	234	½	⅝	½	
9⅜	5¼	ZenithElec			2	132	6½	6⅜	6½	
18½	12	Zenith Nat	1.00	6.4	128	102	15½	15	15½	+¾
6⅜	4½	Zenix Inc x	0.84	13.7		39	6⅛	6⅛	6⅛	
15⅛	10¾	Zero Corp	0.40	3.7	14	19	11	d10¾	10¾	
41⅞	29½	Zurn Ind x	0.88	2.5	14	94	34⅝	34½	34⅝	-⅛
13½	10¾	Zweig Fund	1.16	9.2		206	12⅝	12½	12⅝	+⅛
10½	8½	Zweig Totl	0.96	9.2		152	10⅜	10¼	10⅜	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices November 29

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
OMI Corp	0.14	7	63	7⅜	7¼	7⅜	+⅛
Pall Corp	0.29	38	665	36¼	35¼	35⅝	-¼
Pegasus G		7	105	12⅜	12¼	12¼	
Partnl		6	29	10	9¾	10	+⅛
Pal H&P	0.31	7	6	10⅞	10⅞	10⅞	
Phil LD x	0.18	12	687	29⅛	28⅝	29	+⅛

NASDAQ NATIONAL MARKET

4:00 pm prices November 29

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Xilinx		28	2095	25¼	24¾	25	
XL Data		37	89	10½	10⅜	10⅜	
Xoma Corp		41	722	17¼	17¼	17¼	-¼
Yellow Fr	0.94	85	112	25⅝	d25¼	25½	
York Rsch		64	1318	8	7½	7¾	
ZionsUtah	1.44	8	62	43¾	42	42	-1½

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** Data source: Chief Executives in Europe 1990*

FT SURVEYS

SCOTLAND

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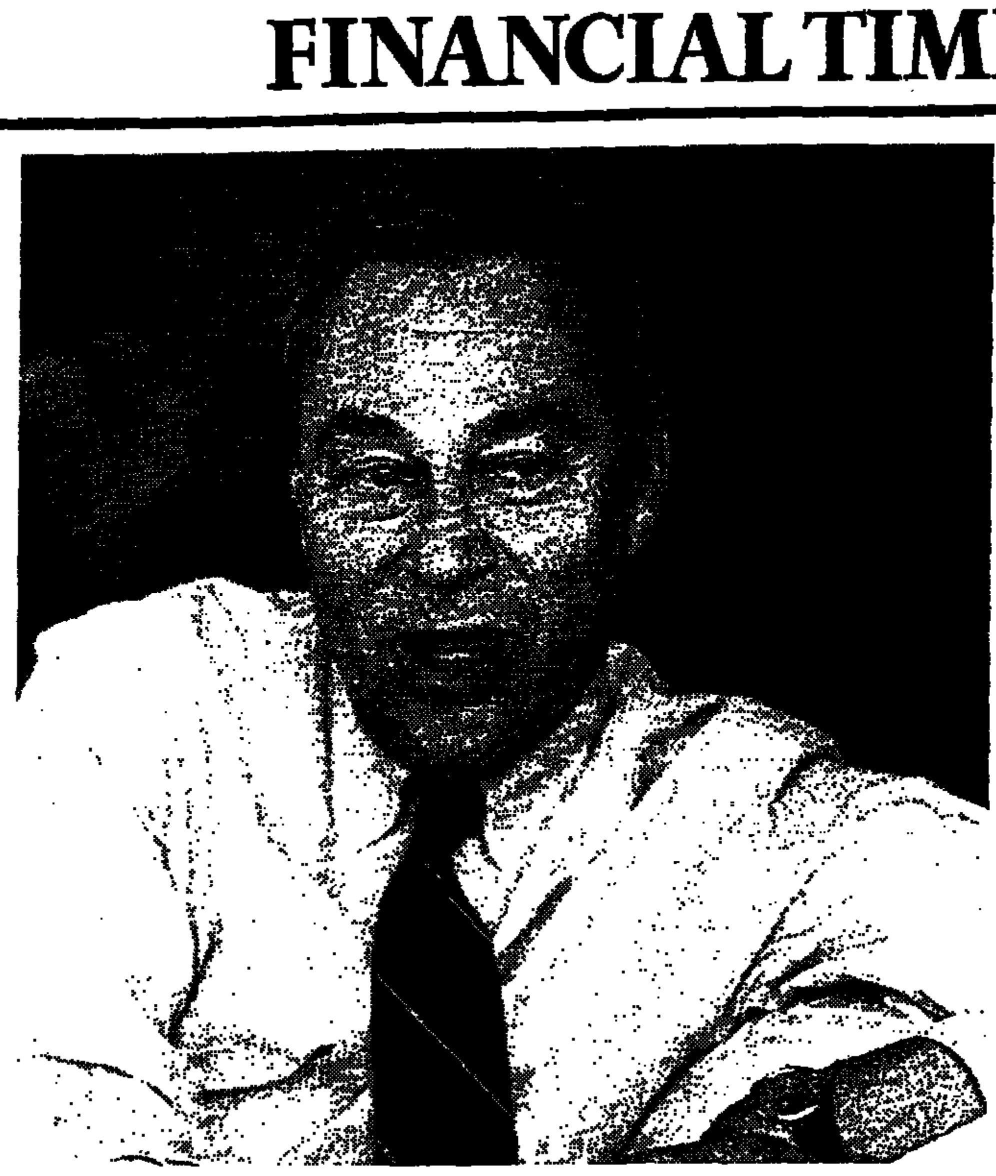
FT SURVEYS

FINANCIAL TIMES Monday December 2 1991

MONDAY INTERVIEW

Expanding away from home

Dick Rosenberg, chairman of BankAmerica, speaks to **Alan Friedman**



Dick Rosenberg is in a restive mood. He is in the throes of carrying out the biggest bank merger in history: the $4.5bn merger of BankAmerica, the San Francisco bank that he chairs, with Security Pacific of Los Angeles. Yet he is already talking about grand expansion plans elsewhere in the US.

The 61-year-old boss of BankAmerica – the second biggest US bank and one of the most profitable institutions in an industry otherwise troubled by the continuing crisis of weak balance sheets, gargantuan bad real estate loans and runaway overheads – fidgets as he sits chatting in his 40th floor executive suite, high above San Francisco Bay.

He is angry about faltering (and since our meeting, failed) efforts in Congress to obtain a wide-ranging reform of the US banking system that would have greatly benefitted BankAmerica. He is eager to dispel recent criticism of the Security Pacific merger. And while cautious about the short-term prospects, he is anxious to establish his bank's medium-term aim of establishing a strong presence for itself from coast to coast. At a time when expansion is no longer especially fashionable in the US banking industry, Mr Rosenberg's unstated – but only thinly disguised – ambition is to steer BankAmerica into overtaking Citicorp as the single biggest US bank.

It is, he said, part of an inevitable national trend towards consolidation of the banking industry by merger. "The US banking industry is by no means recovered from its crisis, but it is in the recovery stage," he remarks, adding that: "What we need to recover is some very major consolidation of the system."

By the end of the 1990s, he predicts, America's 12,000 banks will be whittled down to 5,000-6,000 institutions. He says the nation's top 125 banks could be "very much skinnied down to nine or 10 banks, each with more than $100bn of assets".

The SecPac merger, announced last August and due to be completed by February, puts BankAmerica at the forefront of this trend. It will create by far the largest institution on the US west coast and the second biggest US banking group, with $190bn of assets (just behind Citicorp's $224bn); the new bank's 2,400 branches (some will be disposed of) will be the largest branch network of any bank in the US.

Nor is it just a question of size. In terms of profitability and balance-sheet strength, too, the new BankAmerica compares favourably with its north-eastern peers. Its capital ratio is a comfortable 5.5 per cent, its loan losses are relatively low and in the third quarter of 1991 it achieved net earnings of $285m, up slightly from 1990.

It was not always this way. Until three years ago BankAmerica was itself a takeover target, weakened by huge losses in the 1980s that resulted from a foolhardy plunge into Third World sovereign lending. But Mr Rosenberg, who first studied journalism and began his career as a public relations officer for the troubled Crocker Bank, helped Tom Clausen, his predecessor as BankAmerica chief, to engineer a spectacular recovery based on a profitable retail banking franchise in California and other western states.

The expansion drive began almost as soon as BankAmerica had recovered from its woes of the 1980s. In the 15 months since he took over from Clausen, in addition to concluding the SecPac deal, Mr Rosenberg has presided over the acquisition of banks with $10bn of core deposits in nine western states.

Not everyone, however, is convinced that BankAmerica's current dash for growth is well founded. Although the SecPac deal was initially hailed as a brilliant move, some analysts have recently been taking a much more sombre view. One reason is the deep recession now affecting southern California and the possible further deterioration of Security Pacific's already weak loan portfolio.

"One wonders," says Mr George Salem of Prudential Securities, author of a recent gloomy report on the outlook for Californian banking, "whether BankAmerica's home base is strong enough to justify Mr Rosenberg's expansion plans."

Not surprisingly, the BankAmerica chairman shrugs off any such doubts. "My own belief is that, given the merger with Security Pacific, this is still a major and diversified economy in the world and as long as you maintain market share you will do okay," he remarks. He does, however, acknowledge that California's economic recovery will lag behind the national economy, which he sees as being "in a very, very, very weak recovery stage that will take six to nine months."

'We need some major consolidation'

The BankAmerica chief argued that the worst of Security Pacific's problem loans have already been identified: "We have looked at SecPac from the bottom up and the numbers all look reasonable to me." He said problem loans will be placed in a $4bn "bad bank" package that will be separated from the merged bank and assigned to the bank's shareholders as a distinct entity.

The new bank's total assets, he predicted, will probably drop to around $180bn, meaning that beyond the bad bank package there will have to be divestitures of around $6bn of assets. These asset disposals, likely to include various branch networks in Arizona, Washington, Oregon, Nevada and California, are required under US anti-trust law and are currently being negotiated with the Department of Justice.

Mr Rosenberg is clearly a man in a hurry. Colleagues describe him as a hyper-active manager who regularly works 12-hour days and many weekends. But he tempers his frenetic approach to life with a self-deprecating sense of humour and a reputation as "a consummate listener".

The question now is whether BankAmerica will be so busy digesting the Security Pacific merger that it will not have the time or energy to pursue its expansion plans as fast as the chairman would have liked. He insists that BankAmerica will have an east coast presence "within ten years for sure". But he admits that he will have to rein in his ambitions while he works to integrate Security Pacific and BankAmerica over the next 18 months. There is, however, an exception. "We would probably not look at a bank merger of any size for the period, except for Texas, which is so important a state economy for the 1990s that we would stretch ourselves very hard to do something there."

For all this to come to pass, however, one important requirement needs to be met: Congress will have to pass legislation making it significantly easier for banks to set up interstate branch networks. This is a subject much on Mr Rosenberg's mind at present, following the passage of banking legislation in Congress last week that contained little of the ambitious reforms proposed by the Bush administration and supported by the big banks.

"You know, Congress really has to get its act together if they want the US to have an internationally competitive banking system," he expostulated.

Mr Rosenberg will not necessarily have been deterred by the latest Congressional setback. A provision to allow interstate branch networks may be re-introduced in the next session of Congress and he still expects a law on the issue to be approved at some stage in the next 18 months. Only by allowing consolidation by merger of banks in different states would progress be made to pull the US banking system out of its battered condition.

The BankAmerica chairman is also exercised by another issue on which the banks have become something of a political target: the so-called "credit crunch" much spoken of by President George Bush. "I think he is wrong to use that phrase. The term is clearly politics and there is obvious concern that the economy may affect the election. Clearly when you have an economy that is relatively weak you don't make certain kinds of loans. But it would be absolutely silly to turn down loans where you can expect to be repaid."

The defeat of a wider bank reform in Congress and the administration's growing economic worries underline the challenge Mr Rosenberg faces in his attempt to build America's biggest banking empire. What is clear, though, is that the BankAmerica chairman refuses to be daunted.

PERSONAL FILE

1930 Born in Fall River, Massachusetts.
1959 Began banking career in public relations department at Crocker Bank.
1962 Joined Wells Fargo Bank in business services department.
1980 Vice-chairman of Wells Fargo.
1984 Vice-chairman of Crocker Bank.
1986 President of Seafirst Bank in Seattle (BankAmerica subsidiary).
1987 Vice-chairman of BankAmerica.
1990 May Named chairman and chief executive of BankAmerica.

John Stuart Mill's new century

MICHAEL PROWSE on America

The impact of the collapse of communism in eastern Europe and the Soviet Union warrants daily headlines in the western media. But I wish more was known about its impact on political beliefs in rich capitalist countries. The spectacle of politicians from Prague to Moscow – not to mention Stockholm – singing the praises of markets must influence impressionable young minds. Over time, it must weaken support for state intervention in countries which were never tempted by the extremes of communism.

One intriguing possibility is that recent events will help bridge an historic divide in political economy. John Stuart Mill and other 19th century liberals argued for the maximum degree of individual freedom in all aspects of life – economic as well as personal. By a strange twist of history, their gospel of freedom was never fully embraced. Instead, as my colleague Samuel Brittan explains in A Restatement of Economic Liberalism (MacMillan Press, 1988), a bifurcation occurred: conservatives tended to embrace Mill's economic doctrines, leaving left-of-centre political thinkers to champion personal freedoms.

In the US, the bifurcation is reflected in the pejorative use of the term "liberal" to indicate quasi-socialist economic views. US liberals tend to favour higher public spending, intervention in industry, and import restrictions – policies that would have been anathema to Mill. Yet they are more likely than conservatives to support the rights of minorities, champion alternative lifestyles and oppose censorship – policies that Mill would have applauded. In Britain, a similar left-right divide on freedom has survived the 1980s.

Mr Brittan's book, first published in the early 1970s under the more revealing title Capitalism and the Permissive Society, argued that free markets went naturally with free sex, funny clothes and flower power. I doubt many hippies bought the book (or argument), but will the young now prove more receptive? The answer depends on the reasons for the schizophrenia on freedom.

Those who believe flaws in education lie at the root of all problems will argue that it reflected plain ignorance. Economics was too young a subject to gain inclusion in school core curriculums at the turn of the century. Most people have thus grown up knowing more about physics than the theory of markets, despite the latter's greater relevance for everyday living. (Ironically, a recent article in the American Economic Review found that Americans are just as ignorant of market principles as the Soviet people.) Ignorance has left many people – even intellectuals – unusually dependent on the views of leading opinion formers.

It so happened, at least early this century, that most advocates of personal freedom took a dim view of market economics. Michael Holroyd's biography of Bernard Shaw illustrates the dichotomy in one public figure. Like Mill, Shaw was a prominent supporter of women's rights. He also campaigned tirelessly for the liberalisation of stage censorship. Yet as a mainstay of the Fabian movement, he argued that the state should regulate virtually the whole economy.

The left-right split on freedom does, however, have deeper causes. Extending personal freedoms tends to make people more equal; extending economic freedoms often does the reverse. Shaw was deeply influenced by first-hand experience of gross inequality in Victorian London.

Suppose you were one of 10 people shipwrecked on an uninhabited island. What kind of society would you create? You would surely want democracy, freedom of speech, etc. But would you divide up the island into individual chunks and encourage economic competition? Would you countenance a system where one person might end up owning half the island and others work long hours for little pay?

I suspect a socialist system in which everybody co-operated and enjoyed the same living standard would be more popular. This suggests the triumph of markets is more a reflection of the need to co-ordinate large numbers of people in complex modern economies than any natural inclination for economic competition. Given that people's needs are similar, the natural assumption is that people should have roughly equal wealth.

Economic and personal freedoms can clash in other ways. One ideal behind personal freedom is that people should not be arbitrarily constrained from realising their full human potential. The trouble with economic freedom is its tendency to crowd out other values: competition and the accumulation of material goods easily become ends in themselves, even though people have the technical right to "opt out". US gross national product has risen by about 30 per cent in the past decade. But nobody would claim the average American is 30 per cent happier. But if people are not being made happier by new toys such as video-cassette recorders, what is the point of the system? In the rush to consume, are we really making sensible choices about how to spend our 70 odd years of human life?

The 21st century may become John Stuart Mill's century. Disillusionment with socialism – in both its mild and extreme forms – offers great prospects for politicians who advocate consistently libertarian policies – minimum government intervention in both the economy and individuals' personal lives. Such figures are still thin on the ground. But Utopian dreams will not disappear. It is too depressing to believe that human ingenuity cannot improve on market capitalism.

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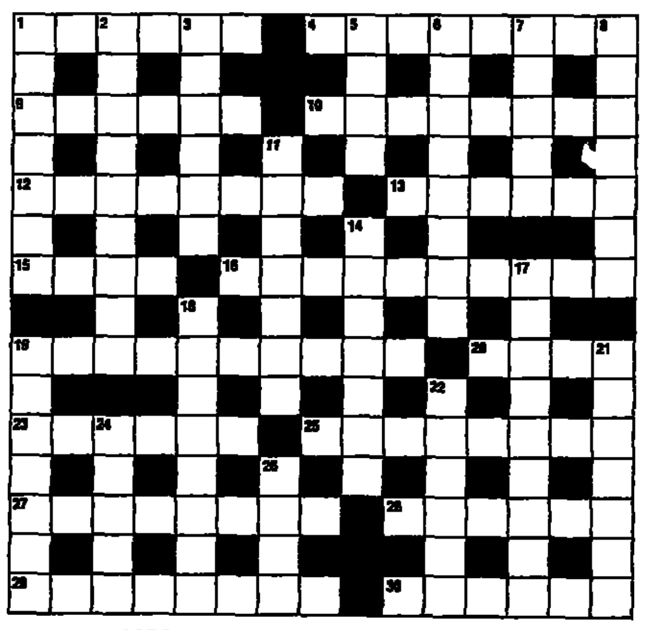

ACROSS

1 University exams for Alfred and Alexander? (6)
4 Drastic cuts in the monastic establishment (8)
9 It's the devil to turn when there's a collision (6)
10 Vouch for the account, many tried falsely! (8)
12 Returns from work? (8)
13 Garment donned by one Scotsman in ten seconds flat? (6)
15 Castle building material (4)
16 Get a capital start in change round (10)
19 He'll break down the figures (10)
20 A preposition – one not out of order (4)
23 Identifying man fuddled with gin (6)
25 Unlimited affection? (4,4)
27 No more to discuss? (4,4)
28 Order to start shooting in battle (6)
29 Employees take ring-road in English town (8)
30 Building material (6)

DOWN

1 They're powerless to fly (7)
2 Artificial language provides neat prose (9)
3 Transposing the bookmaker's sign language is part of the strategy (6)
5 A pained expression (4)
6 Neat and honest (8)
7 Travelled like Lady Godiva with nothing on – a wild show! (5)
8 Take the chair (3,4)
11 I belong to base order (7)
14 I object to a certain action (7)
17 Operatic boatman (9)
18 Complete cancellation of a golf match? (5,3)
19 Fires badly singe it (7)
21 Cocaine distilled from the sea (7)
22 Thanks to foreigners, a bit of old England (6)
24 Country involved in formal talks (5)
26 Accept as sound (4)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday December 14.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 01.12.91 / Final Prices for Trading on 03.11.91

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.59	18.03	18.03
0100	18.60	17.30	18.84
0130	18.60	17.30	18.84
0200	18.60	17.30	18.88
0230	18.58	17.05	18.58
0300	18.54	16.95	18.46
0330	18.51	15.90	15.90
0400	18.44	15.88	15.88
0430	18.39	15.84	15.84
0500	18.36	15.84	15.84
0530	18.36	15.82	15.82
0600	18.36	15.83	15.83
0630	18.35	15.83	15.83
0700	18.35	15.83	15.83
0730	18.58	15.83	15.83
0800	18.38	15.83	15.83
0830	18.38	15.85	15.85
0900	18.44	15.88	15.88
0930	18.49	17.05	18.59
1000	16.52	17.05	18.59
1030	17.26	17.24	18.78
1100	17.26	17.05	18.58
1130	17.26	17.24	18.78
1200	17.26	17.48	19.01
1230	17.26	18.28	19.88
1300	17.26	18.28	19.86
1330	17.26	17.24	18.77
1400	17.26	17.05	18.57
1430	17.26	17.05	18.58
1500	16.47	15.88	15.88
1530	16.49	15.88	15.88
1600	16.59	15.90	15.90
1630	17.26	17.05	18.56
1700	20.86	18.35	19.92
1730	25.75	21.31	22.96
1800	25.75	21.31	22.97
1830	25.75	21.31	22.97
1900	21.51	20.36	21.99
1930	21.51	18.94	20.51
2000	20.86	18.94	20.50
2030	17.42	18.66	20.22
2100	17.26	17.55	19.07
2130	17.26	17.55	19.07
2200	17.26	17.55	19.07
2230	17.07	17.05	18.57
2300	16.49	15.90	15.90
2330	16.44	15.86	15.86
2400	16.44	15.88	15.88

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 02.12.91 / Final Prices for Trading on 04.11.91

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.56	18.03	18.03
0100	17.07	17.55	19.26
0130	17.07	17.55	19.25
0200	17.07	17.55	19.24
0230	17.07	17.05	18.73
0300	17.07	15.90	15.90
0330	16.54	15.90	15.90
0400	16.49	15.88	15.88
0430	16.44	15.85	15.86
0500	16.44	15.85	15.85
0530	16.42	16.03	16.03
0600	16.42	16.03	16.03
0630	16.54	16.05	16.05
0700	16.65	16.15	16.15
0730	17.53	18.79	20.54
0800	16.37	18.79	20.53
0830	21.00	18.92	20.66
0900	21.03	19.70	21.47
0930	22.30	25.04	26.99
1000	26.44	25.04	26.99
1030	26.46	25.04	26.99
1100	27.08	25.04	26.99
1130	27.05	25.04	26.98
1200	21.33	25.04	26.99
1230	21.32	25.04	26.99
1300	21.01	26.04	26.95
1330	21.94	19.70	21.43
1400	21.94	19.70	21.43
1430	17.56	19.15	20.87
1500	17.58	19.15	20.87
1530	17.48	18.16	20.87
1600	36.75	21.37	23.17
1630	83.10	25.92	28.57
1700	121.30	63.97	80.42
1730	123.26	68.78	66.37
1800	84.31	68.18	64.42
1830	46.30	41.93	45.50
1900	29.06	29.03	31.27
1930	27.23	23.24	25.08
2000	23.61	21.79	23.65
2030	21.00	21.03	22.76
2100	21.00	18.99	20.88
2130	19.57	18.79	20.48
2200	18.77	18.79	20.49
2230	18.62	18.79	20.50
2300	16.57	16.25	16.25
2330	16.44	16.07	16.07
2400	16.46	16.04	16.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bak	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
Cl. Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

Bringing HMG to account

JUSTINIAN

GOVERNMENT lawyers, and hence their political masters, had a bad time last week at the hands of the courts. One serious blow came on Friday, when wrong advice given to the home secretary landed him, unprecedentedly for a Minister of the Crown, in contempt of court over a decision he had made in an asylum case.

The majority of the Court of Appeal was severely critical of Mr Kenneth Baker, although the force of judicial comment was tinged with an amount of *amour propre*. Courts are highly sensitive to any sign of detraction from their judicial sovereignty over the court system. Some crumb of comfort might be gleaned from Lord Justice McCowan's dissenting judgment. But legal opinion finds little prospect of the House of Lords restoring the immunity of the Crown from contempt proceedings. The saga calls to mind the words of Thomas Fuller three centuries ago: "Be you ever so high, the law is above you."

Another event last week looked like an even greater slap in the face for government administration under Mrs Thatcher – in this case for the government's attempts to suppress the ill-tempered revelations of a former assistant director of MI5. The European Court of Human Rights declared *nemine contradicente* that the UK government had been in breach of Article 10 of the human rights convention guaranteeing freedom of expression, in having obtained injunctions against certain newspapers which in July 1987 had been publishing extracts from, or articles on, the book Spycatcher.

Nevertheless, the UK government could be well pleased with a second, split (14 votes to 10) ruling of the European Court about earlier injunctions against newspapers. This effectively supports the English courts in providing confidentiality in information about the secret services, enforceable by the courts by prior restraint of publication.

The cause for such satisfaction among ministers and their legal advisers requires a little explanation.

Spycatcher described, with uneven truthfulness, the incompetence and some illegal activities of the British security services. The book was in character speculative and reminiscent. It caused astonishment among many who were in the know; it angered politicians over an account of an alleged plot by MI5 members to destabilise the Labour administration under Harold Wilson from 1974-76; and it amused others in its moments of comedy and bathos.

It was readable, made the more famous and marketable by the notoriety achieved through world-wide litigation. To cut a long (and, for the litigants, expensive) story short, articles appeared in the Observer and the Guardian in June 1986, outlining allegations of serious misconduct in MI5. These were about to be revealed with the publication of Spycatcher in Australia.

On July 13 1987 Spycatcher was published in the US. Copies of the book were distributed, unhindered by Customs authorities in the UK. Yet the courts were prepared to grant further injunctions. It is these post-July 1987 injunctions which, not surprisingly, have now fallen foul of the unanimous decision of the European Court. The UK position at Strasbourg was the defence of the indefensible.

But what about the injunctions imposed in June 1986, before Spycatcher had caught the attention of the world's reading public? The newspapers claimed that the earlier injunctions were an unjustified interference with freedom of expression. The government's counter-argument was that national security considerations constituted an exception to Article 10 of the human rights convention by way of being "necessary in a democratic society".

The doctrine of prior restraint, which says that the press cannot be stopped from publishing (although it may face legal proceedings after publication) even on grounds of national security, was rejected by the European Court. Article 10, the 14 majority judges said, does not prohibit prior restraint "in terms", but should be subject to the most careful scrutiny. In backing away from the full-blown application of prior restraint, the majority of the court turned its face against US experience.

While there may be no dispute about the need contemporaneously to protect certain types of sensitive information from public disclosure, the case of the Pentagon Papers in the early 1970s and the later events of Watergate revealed the sceptical approach in the US to governmental claims to national security. Claims to decide what information falls within the category of national security do not foreclose the exercise by the US courts of constitutional guarantees.

National security, like libel or contempt of court, is a formula for repression of free speech, and therefore should never be claimed as a talismanic guarantee of immunity from freedoms such as Article 10. "Absolute rules," Justice Felix Frankfurter of the US Supreme Court wrote in a different context 40 years ago, "would inevitably lead to absolute exceptions, and such exceptions would inevitably corrode the rules. But the demands of free speech in a democratic society as well as the interests of national security are better served by candid and informed weighing of the competing interests, within the confines of the judicial process, than by announcing dogmas too inflexible for the non-Euclidean problems to be solved."

If and when constitutional guarantees in written form find their way into English law the US approach should find ready acceptance in the government legal service in the UK. For the time being, that service is able to serve its political masters in a more flexible manner than would be the case if they were interpreting constitutionally guaranteed freedoms.

Louis Blom-Cooper QC

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